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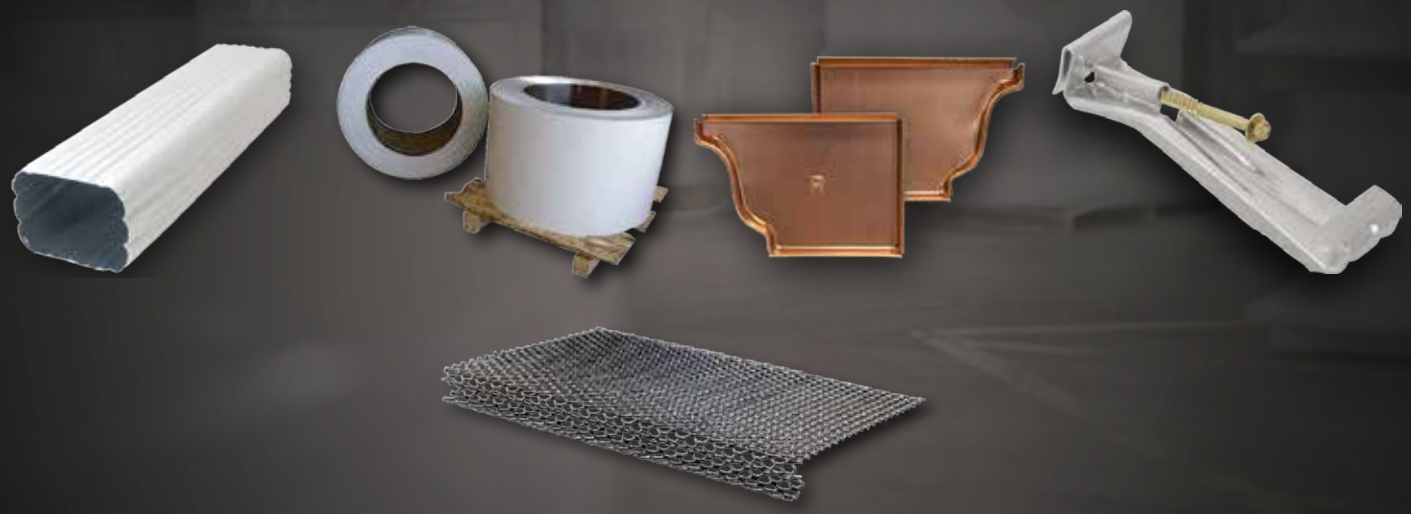

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The Age of Money

We live in the Age of Money. At no time has finance been more complex, nor the methods of banking more arbitrary, nor the nature of money itself more obscure. The practice of banking dates at least as far back as the Bronze Age, with temples serving as the first great clearing houses and depositories of wealth. The very words "money" and "mint" come originally from the famous Roman goddess Juno Moneta, protectress of wealth, whose image appeared on early Roman coinage and whose temple served as both a bank and a mint for centuries. So likening central banks such as the Federal Reserve to temples and international banking elites to a priesthood (as William Greider did in his bestselling book on the Fed) is not mere metaphor.

The most conspicuous trait of our modern economy is financialization, that is, the unnatural complete domination of our economy by financial activity. Innovation in areas such as derivatives is unceasing and extremely profitable, as inventive financial minds seek ever-more-imaginative ways to reconfigure debt and dilute counterparty risk while staying ahead of government regulators. Exotic new forms of money itself, particularly the cryptocurrencies described in articles here by Paul Rosenberg (page 21) and Catherine Austin Fitts (page 23), furnish a novel way of protecting wealth and financial information from the grasping hand of the state — even as the technology used to sustain them is being harnessed by governments as a potent new tool of control. All of this, and much more besides, is symptomatic of the hyper-financialized castles on air that pass as economic growth in our illusory age.

There was a time — no longer within living memory, unfortunately — when economic growth was predicated on actually inventing, building, extracting, and manufacturing tangible things — commodities, machinery, buildings, agriculture, and the like. Banking and other financial services, such as law and accounting, were primarily appendages of the truly productive sectors.

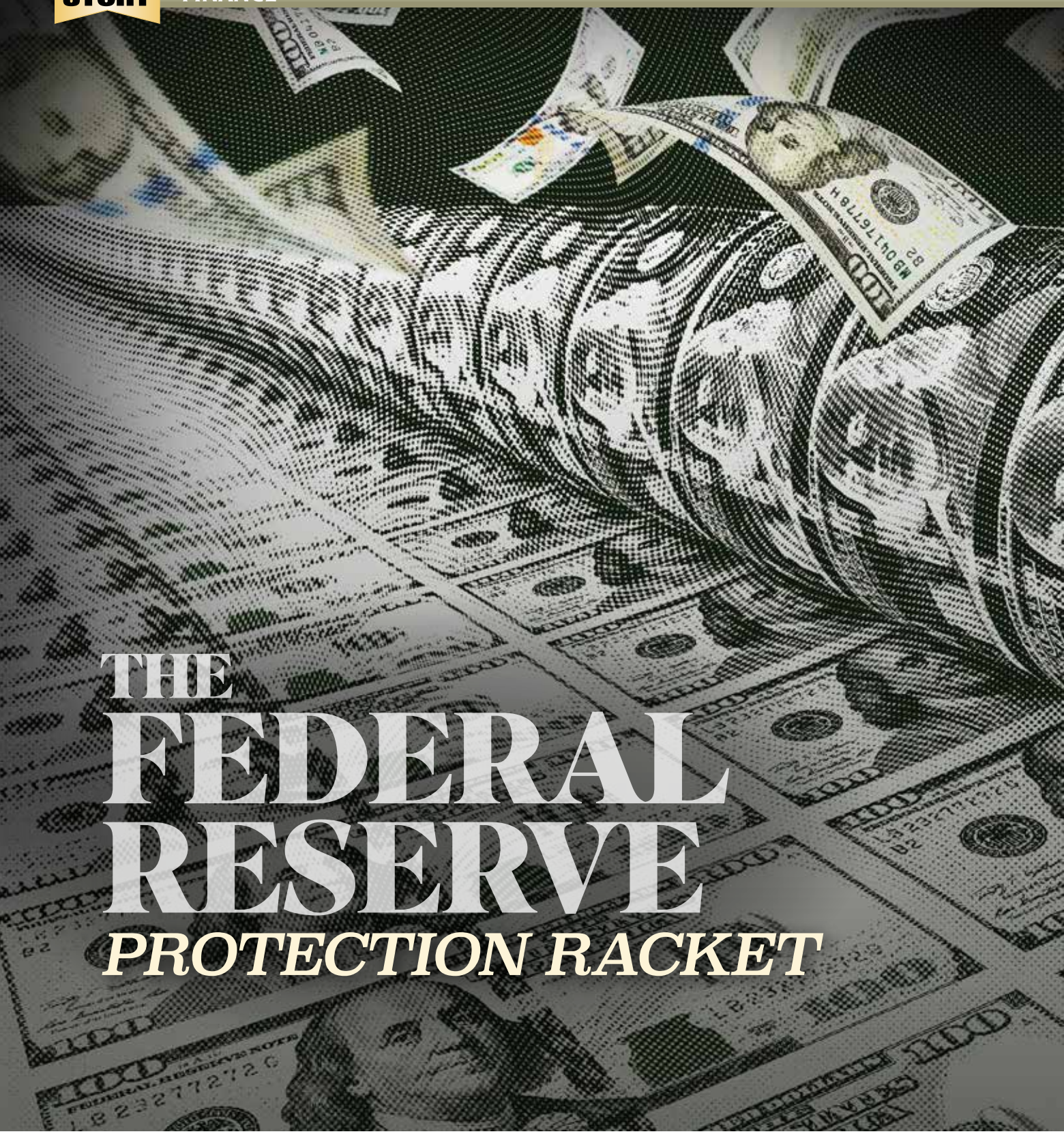
The transformation from an age of productivity to an age of gossamery finance has been a long time coming, and has not arisen by accident. The abandonment of the gold and silver standards in the early 20th century, coupled with the creation in the United States of the Federal Reserve with its monetary monopoly, were probably the most important turning points. By creating a brave new world of fictitious fiat money issued at the whim of empyrean authorities, the powers-that-be brought into being an entirely new set of economic incentives. Where once savings and thrift were the order of the day, nowadays spending and leveraging are paramount. This is because, in our inflationary cloud-cuckoo land, where money constantly loses its purchasing power, it no longer pays to live within our means, bank the difference, and let compounded interest work its magic. Instead, reckless speculation and innovative debt restructuring drive the economy. And while we believe that this state of affairs has freed us from the bondage of the rust-and-smokestack world of our ancestors, we are in reality in bondage to a degree that our industrious ancestors never could have envisaged — all because of our collective enslavement to inflation and debt.

As Thomas DiLorenzo's piece on the Federal Reserve and its historical antecedents makes clear (page 8), bankers have always had a vested interest in promoting indebtedness. This requires clearing away every obstacle, both national and international, to the flow of credit. At the national level, it means achieving monopolies over both the money supply and the issuance of credit, while at the international level, it means harmonizing currencies, regulations, and norms of creditworthiness. The little-known Bank for International Settlements, discussed in this issue (page 13), has quietly morphed into the central bankers' central bank, and is pushing aggressively for a unified global banking and currency system.

In the topsy-turvy world of modern finance, the recent appearance of Bitcoin and other cryptocurrencies has been revolutionary. Catherine Austin Fitts is deeply concerned over government misuse of blockchain technology, while Paul Rosenberg is confident that cryptocurrencies may finally break the long-held government and central-bank monopoly over money.

The future of money and banking has yet to be determined, but we at *The New American* remain dedicated to exposing the secrets of the power elites, including the profane priesthood of high finance.

— *Steve Bonta*



THE FEDERAL RESERVE PROTECTION RACKET

The banking elites who had long wanted to control money and credit succeeded when they created the Fed in 1913. They claimed it would benefit the little guy — but it was a scam.

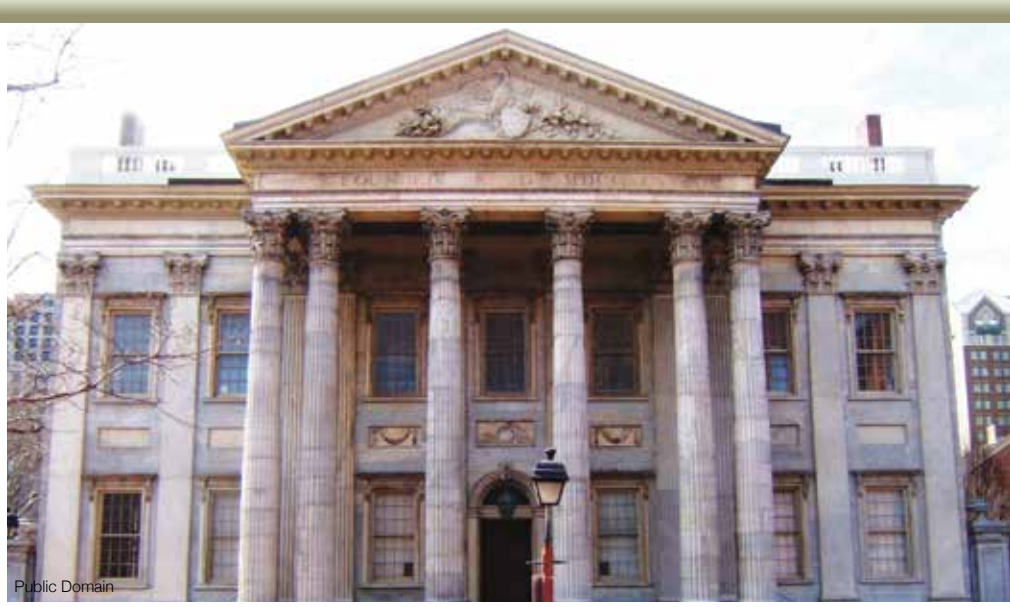
by Thomas DiLorenzo

Most Americans have little or no idea what "the Fed" is or does, despite the fact that, ever since its creation in 1913, it has had monopolistic control over the money supply in the country and regulated virtually every type of financial transaction. When Tucker Carlson interviewed former Congressman Ron Paul on his podcast, he recalled how, when Paul was running for the Republican Party nomination and was giving a speech at Michigan State University, hundreds of students began spontaneously chanting "End the Fed!" Carlson said he was taken aback by this since he, as a professional journalist, was paid to know at least something about the Fed but did not. The Michigan State University students obviously did — they had been reading and listening to Paul's speeches.

The pervasive lack of awareness of the Fed's activities, as with so much else the government does, is what economists call "rational ignorance." When it comes to educating ourselves, we spend most of our time and effort on our own education, jobs, family matters, paying the bills — our private lives. We spend very little time and effort learning about what the hundreds of government agencies of all types are doing. This is why the late Rush Limbaugh referred to most Americans as "low-information voters."

Politicians have always understood this, which is why so many of them are habitual liars and deceivers. Indeed, when Alexander Hamilton made his case for creating a national bank run by politicians in his 1790 *Report on a National Bank*, his political nemesis, Thomas Jefferson, responded by saying that it was intentionally confusing, a subterfuge designed to fool the public into acquiescing to a vast, unconstitutional expansion of governmental powers. Jefferson was right on the money, as usual.

Jefferson pointed out that the Constitutional Convention had discussed — and rejected — Hamilton's proposal for a national bank, and that no such thing was included in the delegated powers (assigned by the states to the federal government) in Article I, Section 8 of the Constitution. In what may be the very first significant snub of the constitutional limits on government, George Washington signed legislation creating the first central bank, the Bank of the United States (BUS), in 1791. The BUS was 80-percent privately owned, with the government owning the other 20 percent. It was the first great monopolistic collusion scheme between business and government in America. The BUS promptly did what Jefferson and the Jeffersonians feared: It inflated the currency, causing 72-percent price inflation from 1791 to 1796, and continued to do so for the next 15 years. Consequently, its 20-year charter was not renewed by Congress.



Forerunner: The First Bank of the United States, set up at the urging of Alexander Hamilton, was America's first central bank — although, unlike the modern Federal Reserve, it did not have the power to print money or the authority to purchase government bonds. But it did set the precedent that the federal government should have its finger on the scale of finance by being involved in the banking business.

The War of 1812 was used as an excuse to revive the BUS in 1816 as a means of helping to pay for the war debt, and the BUS quickly became known for its "mismanagement, speculation, and fraud," wrote James J. Kilpatrick in *The Sovereign States*. Its monetary expansion created bubbles in the economy, and when they burst — as economic bubbles inevitably do — the result was the first great depression in America, known as the "Panic of 1819." The revived BUS also extended cheap credit to politically favored borrowers, causing great corruption — so much so that President Andrew Jackson claimed that it "impaired the morals of our people, corrupted our statesmen, and threatened our liberty. It bought up members of Congress by the Dozen ... subverted the electoral process, and sought to destroy republican institutions." This last claim by Jackson referred to how the BUS had subsidized the campaigns of its favored political candidates.

President Jackson famously vetoed the renewal charter of the Second BUS in 1832, and it eventually went out of business and into the dustbin of history. In his veto message to Congress, Jackson said that the BUS was an example of how "the rich and powerful too often bend the acts of government to their selfish purposes." Such institutions "make the rich richer and the potent more powerful.... The humble members of society ... who have neither the time nor the means of securing like favors to themselves, have a right to complain of the injustice of their government."

It would take another eight decades or so before the banking industry's cabal of corruption could get the government to create another central bank that would benefit the cabal at the expense of the rest of the population. That was the Federal Reserve System, or simply "the Fed."

Inherent Corruption

To understand the essential nature of the Fed and central banking in America, it will be helpful to examine it in light of the government/business relationship, often

Thomas DiLorenzo is president of the Ludwig von Mises Institute in Auburn, Alabama. His latest book is The Politically Incorrect Guide to Economics.

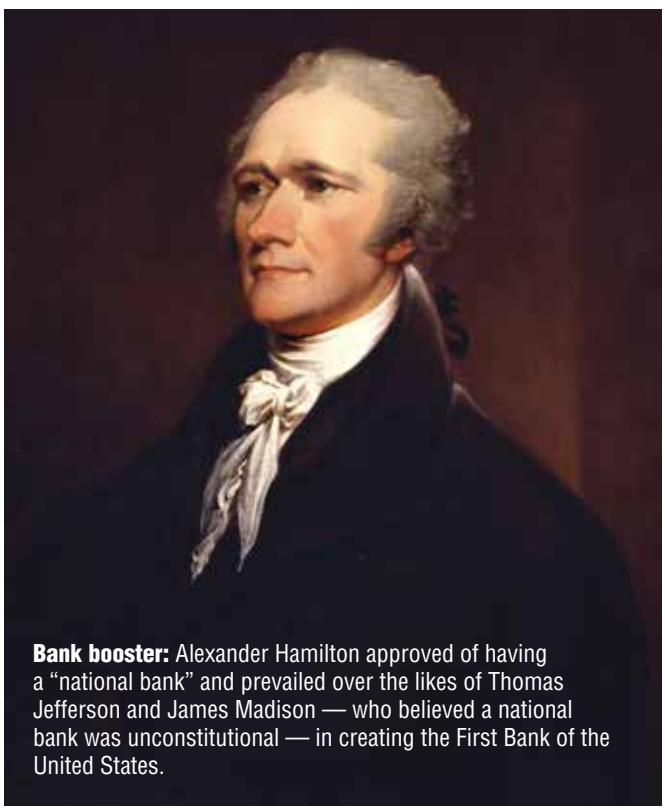
referred to as "crony capitalism." As the name suggests, crony capitalism is not real, free-market capitalism, but a system whereby government coercion is employed to benefit not the public in general, but politically connected businesses — usually *against* the public's interests — by creating some type of monopoly and, subsequently, higher prices.

From the beginning of the Republic to the Civil War, the great economic debates in American politics were mostly about whether or not the United States should adopt elements of the British "mercantilist" system that the American Revolution was fought to secede from. This *British* system was given the name "The American System" by Alexander Hamilton. It was later championed by Henry Clay, and then by Abraham Lincoln, who considered Clay to be his political role model or, as he once put it, his "beau ideal of a statesman."

The system involved what we today call tax-funded corporate welfare for politically connected businesses, tariffs to protect mostly Northern state manufacturers from foreign competition (and to "protect" consumers from lower prices), and a national bank — controlled by politicians even if it was partly privately owned. This was really the Hamiltonian/British system, not an American system, that was championed by Hamilton and his political descendants and opposed by Jefferson and the Jeffersonians for roughly the first 75 years of the American Republic. By the eve of the Civil War, almost none of it had been adopted, as the Jeffersonians had more or less prevailed. Things, however, were about to change.

With the Republican Party holding monopolistic control of the federal government during the war and for decades thereafter, all of the Hamiltonian system was put into place. The average tariff rate went from 15 percent to more than 50 percent, and remained there until the federal income tax was adopted in 1913. The floodgates of corporate welfare were opened with massive subsidies to railroad corporations to build transcontinental railroads. There was no central bank, but the Legal Tender Act of 1862 created the "greenback" dollar and taxed competing currencies out of existence. The National Currency Acts of 1863 and 1864 created a regime, if not an actual central bank, that had regulatory powers over banking. These regulatory powers were steppingstones to a central bank, albeit not the real thing.

The subsidies to the railroad corporations championed by the old general counsel of the Illinois Central Railroad, President Lincoln, led to massive mismanagement and corruption, as the Jeffersonians had always warned would happen. The fraud — known as the Crédit Mobilier scandal — was exposed during the administration of Ulysses Grant. The waste and corruption were so colossal that the politicians and corporations responsible for it learned a lesson: They must find more subversive ways for government to use its powers to create monopolistic profits for its political supporters and campaign financiers than simply writing them checks. So they turned to government regulation as the means of creating monopolies and monopoly profits (presumably in return for veiled kickbacks of all types, including campaign "contributions").



Bank booster: Alexander Hamilton approved of having a "national bank" and prevailed over the likes of Thomas Jefferson and James Madison — who believed a national bank was unconstitutional — in creating the First Bank of the United States.

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They could not, of course, tell the public the truth — that their real objective was to disguise corporate welfare to their political benefactors. They needed to bamboozle the people with talk of how government regulation would supposedly be enforced to serve "the public interest." This was pure Hamiltonianism, for Hamilton himself used "public interest," "national interest," and other such rhetoric to describe his quintessentially *special*-interest politics, such as corporate welfare and protectionist tariffs. Such policies would drive up the prices of certain products while enriching politically connected corporations at the expense of their hapless customers forced to pay higher prices for the same or shoddier products.

The very first federal regulatory agency was the Interstate Commerce Commission (ICC), created in 1887 — 26 years before the founding of the Fed. There was a railroad-building boom after the Civil War, and competition among railroad corporations was fierce, causing passenger rates to plummet year after year. The corporations complained bitterly of "cutthroat competition" and attempted to create price-fixing cartels, but they invariably failed because of cheating with secret rebates by members of the cartels, proving once again the old adage that there's no honor among thieves.

Giving up on attempts at collusion to fix prices, the railroad corporations endorsed government regulation of their own businesses, obviously confident that they, not the vaunted public, would benefit most from the regulation. They were certainly right about that. The first commissioner of the ICC was one Thomas Cooley, a lawyer/lobbyist who, like Lincoln himself, had represented railroad corporations for many years. He lobbied Congress to give the ICC even more regulatory powers. One of the first things he did with those powers was to address the "problem" of long-haul rates being lower than short-haul rates, a sort of quantity discount offered by some railroads. Cooley's "solution" to this non-problem was to outlaw

the lower rates! That was always the policy of the ICC with regard to railroads: Always keep rates higher, never lower. Price fixing did not work when it depended on voluntary agreements among price-fixing conspirators, but it did work when the coercive powers of government could be employed to *make* it work.

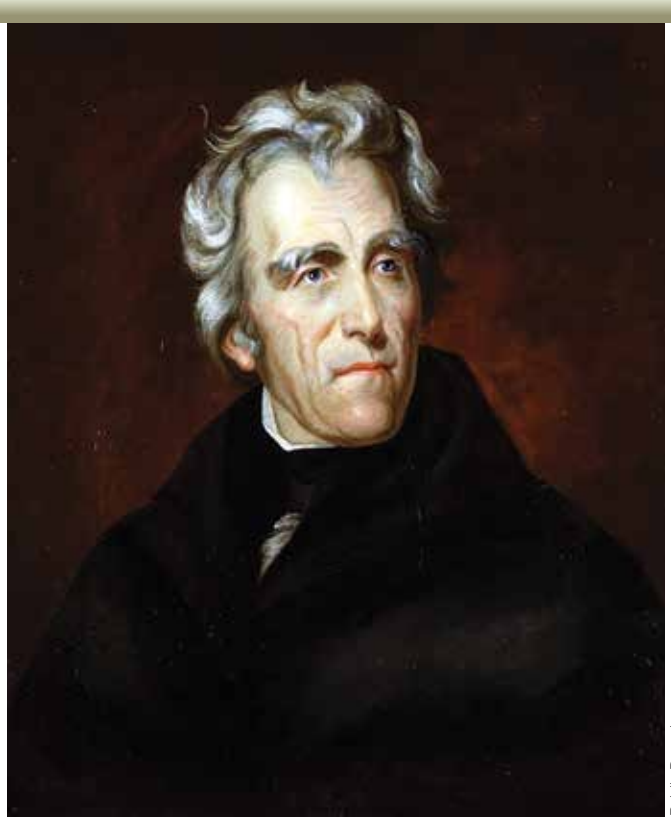
When trucks began competing with railroads, trucking-industry lobbyists came to dominate the ICC and created a government-enforced price-fixing scheme for themselves as well. The ICC restricted the number of truckers who could be licensed, reducing the supply and thereby increasing the price of trucking; granted monopoly routes to certain trucking companies; and forced long-haul truckers to return from a trip empty, reducing the supply of trucking services even further and making trucking even more expensive.

The airline industry followed suit in the 1930s with the Civil Aeronautics Board (CAB), which severely restricted competition, directed routes, prohibited price cutting, and essentially made air travel too expensive for working-class Americans until the airline industry was deregulated and the CAB abolished in the late 1970s/early 1980s.

In the late 19th and early 20th centuries, there was vigorous competition in all the public-utility industries, including electric lights, telephone, water supply, natural gas, and others. As with the railroads, there were many attempts at private price fixing, but they all failed. Also as with the railroads, the public-utility industries then turned to government to enforce their monopolistic pricing practices. The technique was to have state or local governments decree that one company should be the monopoly supplier of utility services, and then share the monopolistic loot with state or local governments. One of the very first instances of this was in Maryland, where, in 1890, the Baltimore Gas Light Company contracted to pay the city of Baltimore $10,000 annually and three percent of all dividends declared in return for a government grant of monopoly, as described in *The Gas Light Company of Baltimore* by George T. Brown. City after city followed suit, all the while blaming the monopolies that *they created* on free-market competition by labeling them "natural monopolies." Many other industries, including banking, jumped on the "natural monopoly" bandwagon and lobbied for government-mandated monopolies for themselves.

Hence, the political atmosphere of "progressivism" in which the Fed was founded in 1913 was one of myriad crooked conspiracies whereby businesses and governments colluded and conspired to create government-mandated monopolistic privileges for various businesses and industries. The industries then shared the monopolistic loot with the governments that had granted them their monopoly status and, of course, financially supported the politicians responsible for the whole scam in the first place.

Today there is much talk of the "capture theory of regulation," made famous decades ago by University of Chicago economists and highlighted in Robert F. Kennedy, Jr.'s book *The Real Anthony Fauci*, which discusses how the pharmaceutical corporations have "captured" the public health bureaucracies in Washington, D.C., and elsewhere, especially the Food and Drug Administration and the Centers for Disease Control and Prevention. Historically speaking, however, these bureaucracies were seldom "captured." Their very creation was often lobbied for in the first place by big businesses in various industries, so that there was nothing to "capture." Hiding behind the rhetoric of the "public interest," the regulatory bureaucracies were always intended to serve *special* interests, not the undefinable "public interest." This is true of the Federal Reserve System as much as or more than any industry.



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Bank bane: President Andrew Jackson's famous campaign (the "Bank War") to terminate the Second Bank of the United States left its imperious president, Nicholas Biddle, defeated and discredited, and ensured that the United States would have no central bank for almost a century.

Not-so-immaculate Conception

In a free market, banks make money by charging a higher interest rate for the money they lend than the rate they pay on bank deposits. However, banks have always been tempted to lend far more money than they hold in deposits, or reserves — hence the term "fractional reserve banking."

In the first half of the 19th century, when there were still competing currencies issued by various banks, banks with higher levels of reserves (often in the form of gold and silver) were seen as more trustworthy, and therefore their currencies were more widely used. Banks that lent, say, a hundred times the amount of their reserves experienced the opposite, and often went bankrupt. This is easy to understand: If for some reason such a bank's customers started demanding their deposits back, that bank would quickly run out of money and go out of business. Competition "regulated" the banking system in the same way that it does all industries.

It was Lincoln who ended competition in banking by creating the "greenback" dollar as the monopoly currency while taxing the other currencies out of the market.

Dixie dough: The ten-dollar note, or "dix" (French for "ten"), issued by the Citizens' Bank of Louisiana was considered very sound, and its popularity across the South was the origin of the word "Dixie." (Photo: Public Domain)

For example, in the first part of the 19th century, farmers and merchants from "up river" on the Mississippi would sell their wares and agricultural products in New Orleans and be paid in a currency issued by the Citizens' Bank of Louisiana that was called the "dix," which is French for "ten." They would return home boasting of having a "pocket full of Dixies," and that is how the South became known as "The Land of Dixie." The dix was issued by a bank with a very high percentage of reserves, and was therefore so reliable that it was routinely used in Minnesota and all over the Midwest. It could be exchanged for gold or silver all over the country.

As with the railroads, the public utilities, and other industries during the latter part of the 19th century, corporate executives in the banking industry began to oppose competition. According to them, it was too risky to essentially engage in legalized counterfeiting by lending out hundreds of times the amount of money they had in reserve, risking bank runs and bankruptcy. They and their lobbyists complained bitterly for decades that the money supply was too "inelastic" — meaning that competition among banks restricted their ability to profit from a legalized counterfeiting operation.

They employed a small army of academics and intellectuals to make the case for a banking system that would use the coercive powers of government to allow them to expand their loans far beyond what their reserves would allow for in a competitive system. They wanted what they called a "lender of last resort," a euphemism for government-funded bailouts of their counterfeiting scheme. In other words, they wanted a government-enforced cartel for the banking industry just like the ones in the railroads, public utilities, and other industries. Having failed to cartelize the banking industry privately, they wanted to do what these other industries had done and use the government to be their cartel enforcer. The Mafia-style enforcer (minus all the broken kneecaps) would be the Federal Reserve System.

Economist Murray Rothbard explained the purpose of the Fed in his *History of Money and Banking in the United States* as follows: "The financial elites of this country … were responsible for putting through the Federal Reserve System, as a governmentally created and sanctioned cartel device to enable the nation's banks to inflate the money supply in a coordinated fashion, without suffering quick retribution from depositors or noteholders demanding cash."

In addition, the banking industry recruited myriad academics, especially economists, to dream up theories about why monopoly is better than competition in the banking business. "To achieve the Leviathan state," Rothbard wrote, "interests seeking special privilege, and intellectuals offering scholarship and ideology, must work hand in hand." This is as true today as it was in 1913. Economist Larry White of George Mason University published an article in a peer-reviewed economics journal (*Economic Journal Watch*, August 2005) in which he reported that 74 percent of all academic journal articles published in the field of monetary economics were authored or co-authored by Fed employees or published in Fed journals. Pro-Fed bias is so pervasive that the late Milton Friedman once remarked that if one wanted an academic career as a monetary economist (like Friedman), then it would be a good idea to not criticize the major employer in the field.

Legalized Counterfeiting

The Fed started out by serving as a "lender of last resort" and essentially bailing out unsuccessful bankers. Then, in 1933, a law was passed allowing it to engage in the monetization of government debt by purchasing government bonds. Consequently, the Fed literally counterfeits currency, which it then uses to purchase government bonds. This is the major way it injects billions of dollars into the banking system, creating price inflation and seemingly never-ending boom-and-bust cycles. The big New York investment banks have always been the primary dealers in these government-bond purchases, and have become extraordinarily wealthy and politically influential by doing so. That is why the U.S. treasury secretary is almost always a former CEO of Goldman Sachs or one of the other big New York investment banks. (They were given that name decades ago because they dealt mostly with lending to corporations to create or expand their businesses.)

Rather than encouraging banks to hold on to reserves sufficient to avoid bankruptcy through "bank runs" of depositors demanding their deposits, the Fed allows virtually unlimited lending. It does this through its "reserve ratio," which is the percentage of a bank's reserves that it must hold and not lend out. While this "requirement" has been as high as 10 percent, as of January 2025, the Fed's required reserve requirement was 0.0 percent! The Fed website and sites such as Investopedia explain that the purpose of the reserve ratio is to assure the public that their banks have sufficient reserves so that they don't have to worry about not being able to get their cash on demand. That, of course, is just more pro-Fed pro-

Roman Babakin/Adobe Stock

Belly of the beast: For the modern Federal Reserve, America's central bank, "making money" has a completely different sense than in the private sector. Since its inception in 1913, the Fed has presided over the inflationary destruction of the U.S. dollar.

paganda in light of the current reserve "requirement."

The dollar has depreciated tremendously since the Fed's founding in 1913, despite the fact that the Fed is supposed to be an inflation fighter. A typical market basket of consumer goods that cost $108 in 1913 would cost $2,422 today, thanks to decades of Fed-generated price inflation. The highest rates of price inflation in America's history have occurred under the Fed's watch.

The Fed claims that one of its jobs is to "stabilize" the business cycle to avoid dramatic inflationary "booms" and unemployment-increasing "busts." But the academic research of University of California at Berkeley's Professor Christina Romer — President Barack Obama's chief economist — showed that the business cycle was *less stable* after the Fed was created than it was before.

Another key tool of the Fed in its ostensible quest to stabilize the U.S. economy is the manipulation of interest rates. There are essentially two ways to reduce interest rates: If people save more, the supply of loanable funds in the banking system will increase. According to the laws of supply and demand, this will cause a reduction in interest rates, inducing businesses to invest more because lower rates make investment projects or business expansions look more profitable. Or, the Fed can inject money into the banking system by simply counterfeiting it and purchasing government bonds from investment banks, or lowering the reserve ratio from 10 percent to 0.0 percent. In the former case, consumers increase their future purchasing power because they have saved more. In the latter case, they have not. This is what causes the bust — and all the unemployment, bankruptcies, and suffering that come with it. Businesses that have expanded or created new ventures eventually realize that the market for their goods or services is not as big as they thought, and many of them are unable to complete their investment projects.

The creation of boom-and-bust cycles is one thing the Fed has excelled at — along with massively depreciating the dollar — since its inception. The Fed was created in 1913. Its policies led to the Depression of 1920, in which the unemployment rate was higher than in the first year of the next decade's Great Depression, caused by the Fed's monetary inflation in the late 1920s. The Fed's reckless monetary expansions have caused seemingly endless economic crises, including those in 1953, 1957, 1960, 1969, 1973, 1980, 1981, 1990, 2001, 2008, and 2020.

It's not just bankers, Wall Street speculators, the real estate industry, and other related entities that profit from the Fed's inflation and boom-and-bust policies. The State and all of its bureaucratic appendages benefit from the Fed's legalized counterfeiting operation because the people are fooled into thinking they can get something for nothing, whether that "something" is subsidizing foreign wars that have nothing to do with defending America, an ever-expanding welfare state, free hotel rooms, welfare, smartphones, air transportation for illegal aliens, or anything else the government spends money on. As Adam Smith wrote in *The Wealth of Nations*, for example, if governments were constrained to finance their projects with taxes instead of printing money, there would be far fewer wars, and the wars that did exist would be of shorter duration. The same can be said of all other federal government programs. Without the Fed, the federal government would be far closer to focusing on its core constitutional functions instead of the anything-and-everything of today.

To save the American economy from national bankruptcy, the Fed must be abolished by repealing the Federal Reserve Act of 1913, thereby getting the nation's money supply out of the hands of politicians, bureaucrats, and their academic propagandists and special-interest benefactors. Private property, private enterprise, and competition in currency must be restored so that all of America can become a modern-day version of the Land of Dixie, with competitive currencies backed by more than the promises of lifetime-tenured politicians (as most members of Congress are, essentially) and self-serving federal bureaucrats and their academic court historians. ■

Legislation has recently been introduced in Congress to end the Fed. *See page 44.*

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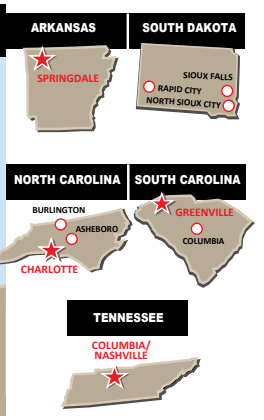

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ONE BANK TO RULE THEM ALL

Think the Federal Reserve is bad news? Its master, the Bank for International Settlements, is even worse.

by Steve Bonta

Cosimo de' Medici, patriarch of the famous medieval Florentine banking dynasty, believed that the key to success as a banker was to "avoid … political controversy, and always keep out of the public eye." If Cosimo's prescription rang true in the 15th century, before the advent of modern media with their ability to amplify every controversy and italicize every foible, it is truer still in the modern age. And no man better embodied Medici's dictum in the first half of the 20th century than Montagu Norman.

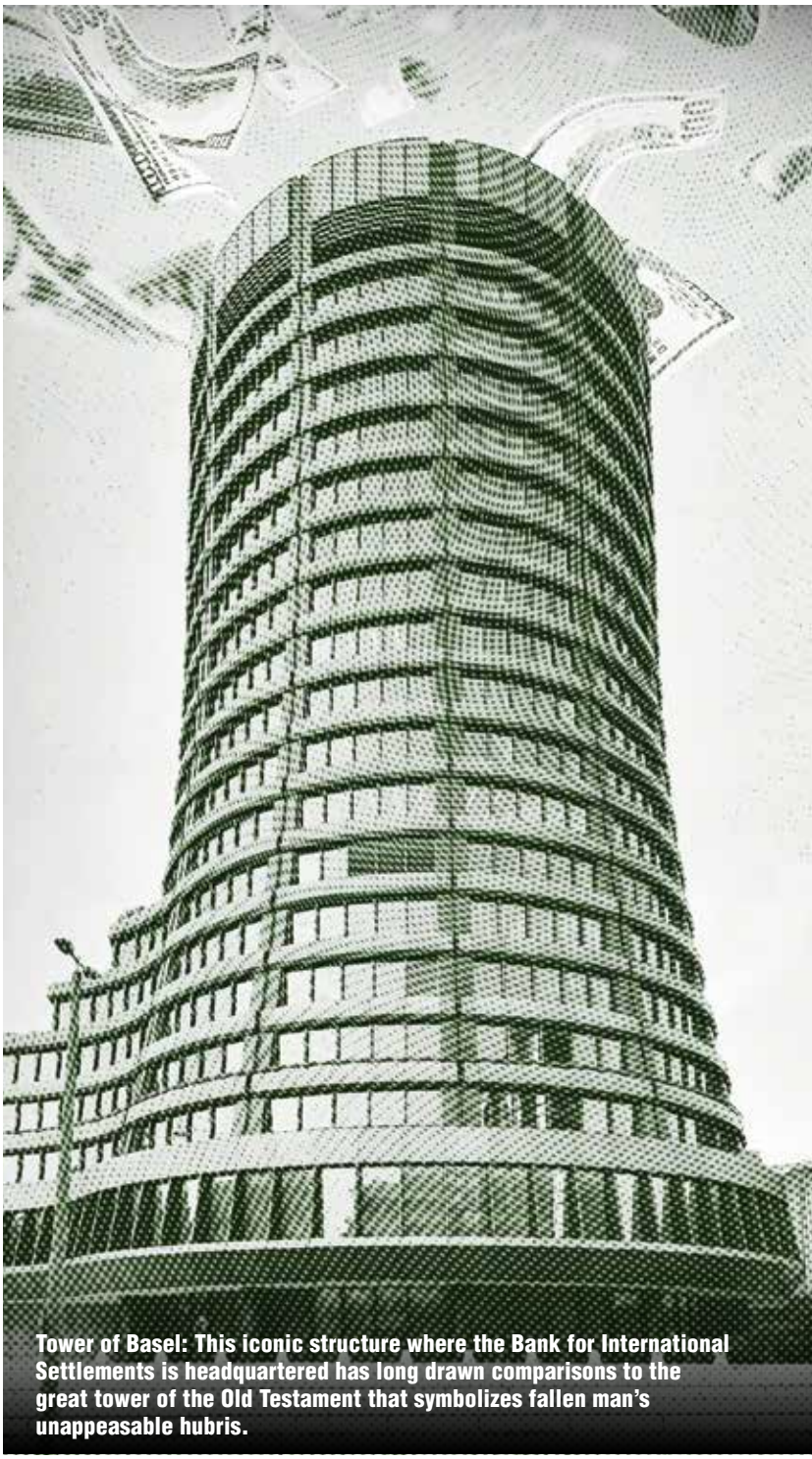
Slight of build and utterly unassuming, Norman sported a Van Dyke beard that contrasted with his otherwise colorless demeanor and attire. Well-traveled for his day, Norman was inconspicuous during his frequent crossings of the Atlantic, all but ignored by journalists and the general public alike. Yet this unpretentious little man was arguably the most consequential human being of the century, at least in the political and financial realm. For Montagu Norman, a wily English patrician, was the world's most important banker and financier, a man of carefully concealed titanic ambition and world-altering plans, who aimed to radically remake global finance.

War and Chaos

When Norman ascended to the position of governor of the Bank of England in 1920, the Western world was in the midst of a genuine "Great Reset." Gone were the institutions of Old Europe, swept away by the twin tides of world war and pandemic. The German, Ottoman, and Austro-Hungarian empires had ceased to exist, and with them many of the features of classical European civilization. The German economy was in ruins. An aggressive new threat to Western civilization was now ensconced in the Kremlin. And the agents of communism were hard at work fomenting revolution across Eastern and Central Europe.

Amid all the chaos, the British Empire reigned supreme, and Norman had become its central banker. Scion of an important British banking family and a hereditary

Steve Bonta is publisher of The New American.



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Tower of Basel: This iconic structure where the Bank for International Settlements is headquartered has long drawn comparisons to the great tower of the Old Testament that symbolizes fallen man's unappeasable hubris.

AP Images

Little man, big plans: Bank of England Governor Montagu Norman, while outwardly unassuming, had titanic ambitions for the world of central banking. He was one of the two masterminds behind the creation of the BIS, and made no apologies for his amoral banking activities, which even included aiding the Nazis in their conquest of Western Europe.

peer, Norman had ascended to a directorship of the Bank of England in 1907, the year of the great banking panic in the United States. Perhaps as a result of observing that event, as well as the wartime financial chaos across Europe, Norman became convinced of the need to create a bankers' bank, a global hub where central bankers from every economically consequential country could meet to collaborate and strategize, free of what Norman considered the taint of politics.

In 1920, internationalism was the order of the day. The newly minted League of Nations, brainchild of a transatlantic project undertaken by American and British internationalist elites, represented a new approach to political multilateralism. The old multilateral congress system, in vogue during the so-called Concert of Europe, a period stretching back to the end of the Napoleonic wars, had been torpedoed, quite literally, by the war. With the League of Nations, internationalists on both sides of the Atlantic had finally achieved a long-awaited aim: a permanent international institution with ascendancy — at least on paper — over the political relations among its member states.

Seeing all this, Norman hoped to achieve something analogous in the world of international banking and finance, a global bank that could serve as both a clearinghouse and a regulator of last resort.

Strange Bedfellows

In his heady aspirations, Norman soon found a willing partner and unlikely friend: Hjalmar Schacht, his counterpart in defeated Germany. Schacht was perceived as the man who had tamed Germany's ruinous hyperinflation during the early years of the Weimar Republic by introducing the Rentenmark, a currency backed by real estate mortgages. The Rentenmark was a desperate innovation to salvage an economy bereft of gold assets, and it worked. Germans accepted the new currency, even though it initially was not deemed legal tender, and the country's finances stabilized. Schacht was rewarded in December 1923 by being appointed president of the Reichsbank, Germany's central bank, a post he would occupy, except for a brief interlude in the early 1930s, until 1939.

The world of Norman and Schacht was the twilight of the gold-standard era. For thousands of years, gold (as well as its lesser sibling, silver) had, for various time-honored reasons, been the stuff of which money was made. Since the advent of mass printing, though, the practice of producing promissory notes tethered to tangible gold and silver reserves — so-called fiduciary money — had become widespread, and with it, the temptation to simply "print money" without regard for any precious metals actually held in reserve. Monetary authorities in the American colonies, especially Massachusetts, had done this, and so had the Continental Congress during the Revolutionary War. The result of such experiments was always the same: rampant inflation and loss of public confidence. The ruinous inflation in early-1920s Germany was and remains a textbook example of the destructive excesses of paper money; but Germany had done so out of necessity, her national resources exhausted by the war, and her remaining capital assets and reserves stripped away by the punitive terms of the Treaty of Versailles.

Schacht's Germany was not alone in its financial woes. All of the remaining combatant powers, including victors Britain and France, found themselves massively overextended from wartime spending. All of them had been forced to repudiate the gold standard and massively inflate their currencies during the war years. Even when the war was over, many of them were reluctant to restore the gold standard, since it imposed limits on the ability of governments, in concert with central banks, to simply print money to pay for debts and lavish expenditures.

One of the financial conundrums solved automatically by an international gold (or silver) standard is the problem of currency exchange rates. When all of the world's currencies were essentially different amounts of gold or silver, exchange rates simply reflected the differing amounts of these metals across different national monetary units. The so-called beggar-thy-neighbor policies that roiled international finance beginning in the 1930s, where governments manipulated exchange rates to secure advantages in trade, were a direct consequence of the abandonment of the gold standard — and would be impossible in a world where conversion rates were tied to an independent, fixed standard (the price of gold or silver). The adoption of fiat currency (i.e., unbacked paper money) in the first three decades of the 20th century, in other words, created a perceived need for an international financial and monetary authority to stem the chaos — a need Norman and Schacht

were determined to fill. To this end, they decided to create a new type of bank, a completely international institution answerable to no national government, that would preside over the activities of central banks worldwide.

Schacht was, in every respect, Norman's ideal counterpart in this enterprise. In addition to representing the leader of the war's losing coalition, Schacht — like many Germans — chafed at the harsh terms of reparation imposed on Germany by the victors at Versailles. Thus Schacht and Norman decided to promote their new bank as a clearing agent for German war reparations, a convenient cover for the organization's real purposes.

The signal irony in all of this (not lost, one supposes, on the serpentine central bankers in on the ruse), is that Schacht and Norman were proposing as the new bank's chief purpose the most politicized enterprise imaginable — presiding over the punitive and extremely controversial war reparations regime — all the while privately rejoicing that, at long last, they were realizing the fondest dream of Western bankers, from the time Cosimo de' Medici was exiled from Florence by his political rivals in 1433 to the present day: an enabling mechanism for unrestrained international banking completely unfettered by what bankers regarded as the irrational messiness of politics.

Not-so-humble Beginnings

On February 27, 1930, the Bank for International Settlements, or BIS, was created, soon thereafter to begin operations at its unassuming offices in Basel, Switzerland. Simply put, the BIS was intended to be a central bankers' central bank, the ultimate center of global finance and a forum where central bankers could meet in absolute secrecy and collaborate on monetary strategy. The BIS would allow otherwise nationalistic central bankers, often hostage to the domestic politics they abhorred, to inflate their respective currencies more or less in concert, and thereby assure that the benefits of inflation to the privileged few were parceled out with impartiality among the globalist elites, while at the same time assuring that the monetary jackboot of fiat currency rested with equal vigor on all necks outside those of the international monied oligarchs. Switzerland was chosen as BIS headquarters, both for its tradition of ironclad banking secrecy and for its staid neutrality; already in 1930, it was apparent to the banking coterie that politics on the Continent were soon to become messier, and the bankers, per centuries of tradition, wanted to ensure continued access to all markets, irrespective of party, ideology, or national allegiance.

Norman, Schacht, and the other delegates at the conference in Baden-Baden, Germany, in late 1929 tasked with organizing the new bank provided for the BIS to command substantial reserves of gold and other liquid assets via depository requirements for member banks. The new global bank, its officers, and its grounds in Basel were also to be absolutely sovereign and above any national law, including those of the host country, Switzerland. All of these and other extraordinary privileges were formalized on January 20, 1930, with the signing of the Hague Convention by seven countries: the U.K., Germany, France, Switzerland, Japan, Belgium, and Italy. Among other things, the convention provided in the BIS Constituent Charter that

> The Bank, its property and assets and all deposits and other funds entrusted to it shall be immune in time of peace and in time of war from any measure such as expropriation, requisition, seizure, confiscation, prohibition or restriction of gold or currency export or import, and any other similar measures.

The bank's charter also renders the organization immune to most forms of taxation, including not only taxes on its own reserves and profits, but also taxes on the salaries of its administrators and all employees not of Swiss nationality.

Thus empowered, the new bank was prepared to begin official operations. Under its articles of incorporation, drawn up according to Swiss law, the BIS's authorized activities included:

• Buying, selling, and holding gold (which, as central bankers understood then and still understand, remains the true basis for money, despite all of the accumulated sophisms disparaging this "barbarous relic");

• Buying and selling securities;

AP Images

Hitler's banker: Hjalmar Schacht, Montagu Norman's friend and collaborator in creating the BIS, was Hitler's favored banker. Unlike Norman, Schacht eventually had an attack of conscience and turned on the Nazis. He spent time in several concentration camps, and was tried and cleared of charges at Nuremburg.

• Accepting deposits from central banks; and

• Creating deposit accounts for central banks.

When the BIS was launched, its share capital was set at a whopping 500 million Swiss francs, which ended up being parceled out into 200,000 shares valued at 2,500 French gold francs apiece. The French gold franc remained the BIS's standard of accounting until 2003.

U.S. Involvement

The U.S. Federal Reserve did not take a direct role in the founding of the BIS, owing to deep political reservations at home over sovereignty issues. After all, the Senate had rejected membership in Woodrow Wilson's League of Nations less than 10 years earlier, and there was no political appetite to subordinate monetary policy to another newly minted international authority.

But this is not to say that American banking elites were indifferent to the goings-on at Basel; quite the contrary. The up-and-coming internationalists John Foster Dulles and his brother, Allen Dulles, who had already established themselves as perhaps the best-connected American global elites of the 1920s, were keenly interested in the new bank, as was their less well-known but equally internationalist sister, Eleanor Dulles, who spent much time at the secretive facility during its formative months and wrote one of the first authorized accounts of its activities, *The Bank for International Settlements at Work*.

The signing of the BIS's foundational documents in February 1930 was attended not only by representatives of the seven countries that constituted its official founding members, but also by representatives of three major American banks: J.P. Morgan, the First National Bank of New York, and the First National Bank of Chicago. These three American money-center behemoths all were permitted to purchase founding shares of the BIS alongside the central banks of the seven founding nations, and thus was America dragooned by stealth into the world's first truly global bank, in defiance of the political winds (and constitutional restraints) of the time. Fuller integration into the global bank would have to wait for a politically opportune moment, which, as events turned out, would not transpire for decades.

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Real money: Gold and silver used to act as checks on the power of banks and governments to inflate the money supply. And under the U.S. Constitution, they, and not paper or computer entries, are supposed to be the basis for money.

Spoils of War

In the meantime, the BIS went about its business of making enormous profits across the growing political divide of the 1930s, between the German Nazi regime and its soon-to-be adversaries on the battlefields of World War II. Under Schacht's guidance, the BIS quickly made itself indispensable to Adolf Hitler and his cronies, providing a much-needed, inviolable haven for the Nazis to park their growing trove of ill-gotten gains. For example, following the *Anschluss* (Hitler's annexation of Austria in April 1938), the BIS dutifully transferred all Austrian gold and BIS shares in its vaults to the account of Nazi Germany.

Less than a year later, following the Nazi invasion first of the Sudetenland and then of the entirety of Czechoslovakia, the BIS, at Norman's urging, transferred all of Czechoslovakia's more than 21 metric tons of gold to Germany. The gold was eventually physically shipped back to Germany and deposited in the Reichsbank.

For his perfidy, Norman came under intense criticism at home as a Nazi supporter, particularly after the war broke out. But that did not deter the amoral financier from continuing his activities both at the Bank of England and at the BIS on behalf of "apolitical" international banking — the only cause that he and his fellow banksters appeared to truly believe in.

During the war, the BIS actually outdid itself in sheer self-serving cynicism, acting as a safe haven for the Nazis to deposit an enormous fortune in gold and other assets looted from the Jews in Germany and the regions that fell under Nazi control. This came to include gold extracted from the teeth of Holocaust victims. It needs to be said that Schacht eventually came to have qualms about his terrifying masters, to the extent that he resigned in 1939 as head of the Reichsbank. He probably participated in the failed plot to assassinate Hitler, and ended up interned in a series of concentration camps, including Ravensbrück and Dachau, in 1944. He survived the war, only to be tried and narrowly acquitted at Nuremberg.

Schacht's friend and partner in crime

Norman, on the other hand, was made of sterner stuff, remaining adamantly unrepentant until the end of his life, despite incontrovertible evidence of his complicity — not once, but twice — in efforts to transfer Czech gold to the Nazis. The second of these, which took place two months after England had declared war on Germany, was blocked by other, less morally conflicted officials. Norman retired in 1944, but was never held to account for any of his arguably treasonous wartime actions undertaken in the name of international banking.

At least as shocking, for American readers at least, is that the president of the BIS during much of the war was actually an American, Thomas McKittrick, a Harvard graduate and lawyer-turned-international banker who became friends with the Dulles brothers while working at various banking concerns in Europe, both in London and on the Continent. Aside from a brief pause in operations during 1940, subsequent to the Nazi invasion of France — when the sounds of war across the border were audible in Basel and a German invasion of Switzerland was believed imminent — McKittrick kept the BIS going full bore, raking in a fortune and ensuring that channels of international banking remained open across the border between Allied and Axis powers. In this as in so much else, McKittrick shared the amoral, banking-above-all-else posture of Norman and many others at the BIS, a lack of scruple that led him to share significant intelligence with the Nazi government and to be, according to historian Adam LeBor, "Hitler's American banker."

Not only that, it is very likely that the BIS — and not, as is so widely believed, Switzerland's doughty, well-armed patriots — dissuaded Hitler from invading. The BIS, as Hitler's financial bridge to the world and most credible launderer of Nazi spoils, had made itself indispensable to the Third Reich.

Sibling insiders: The Dulles brothers, John Foster (left) and Allen, were involved in the creation of the Bank for International Settlements, and heartily approved of its goals.

The American entry into the war complicated things for McKittrick and his operation, but only slightly. As an American citizen in charge of the primary international financial organization enabling the Nazi government, with whom America was now officially in a state of war, McKittrick had garnered a substantial number of detractors both in Washington and on Wall Street. During a 1942 trip back to the United States, McKittrick found himself blocked by the U.S. State Department from returning to Europe, at the behest of various Wall Street and D.C. insiders. Among these were Treasury Secretary Henry Morgenthau and his prominent assistant, Harry Dexter White, both of whom loathed the BIS and McKittrick for the aid given to the Nazis. Both men were much more sympathetic to Stalin's Soviet Union, with White actually conducting espionage for the Soviet communists at the time. They were also deeply involved, in collaboration with British economist John Maynard Keynes, in the planning for a postwar global financial order, of which the BIS was not supposed to be a part.

Finding himself barred from returning to his beloved bank, McKittrick drew on his own powerful coterie of friends, including the Dulles brothers and many prominent Wall Streeters, to get clearance to return to Basel. But U.S. authorities were unmoved until McKittrick enlisted the help of Montagu Norman, using the good offices of the British embassy. He was told that British authorities and the Bank of England were very interested in the BIS, and would help clear aside bureaucratic obstacles. In the end, arrangements were made for McKittrick to travel to Lisbon, Portugal, where Italian officials would help him return to Basel via Italy. Thus reassured, McKittrick flew via Lisbon and Madrid to Rome, where he received the red-carpet treatment despite being a prominent citizen of an enemy power. "I was met at the airport as if I was a king of something," McKittrick immodestly recalled. "Nobody looked at my passport; they just waved their hands at it." After being wined and feted at a sumptuous hotel, McKittrick was placed on a train to Basel. Thus Thomas McKittrick, international banker extraordinaire, was welcomed into enemy Italian territory in a way that no American general, politician, or even diplomatic envoy could have hoped for in the spring of 1943.

The following year, in July 1944, the Bretton Woods Conference was convened in New Hampshire to plan postwar global finances. At that conference, both Morgenthau and White, who led the American delegation, attempted to get rid of the BIS, intending, presumably, to replace it with some new, more pliant banking behemoth birthed by the proceedings. As events turned out, the BIS managed to get the better of its detractors, but only just. As the new International Monetary Fund (IMF) and World Bank, which had been created at Bretton Woods, were deemed incompatible with the BIS-dominated international central banking system, a

resolution was introduced to liquidate the BIS. Keynes, however, was very opposed to the resolution, and threatened to withdraw his support unless the BIS was given a reprieve. Thus chastened, the seething American delegation allowed instead for a vaguely worded resolution calling for the BIS to be liquidated at some future date, the "earliest possible moment." But the moment never came, and the ever-protean BIS survived the conference, and the war, not only intact, but swimming in gold.

In the postwar years, the organization rapidly put its Nazi allegiances in the past and, bankers being bankers, all was quickly forgiven in the name of profits. The BIS bankers had quite literally made out like bandits during a war that had brought utter ruination to most of Europe and Asia; clearly, their formula of amoral transactionalism was a winning one.

During the Cold War, the BIS continued to make money on both sides of a new ideological and strategic divide, helping the central bankers of the Warsaw Pact nations, and, to a lesser extent, the Soviet Union itself, enrich themselves by collaborating with the chummy central bankers' Basel club. More and more central banks joined the BIS, with one glaring exception: the U.S. Federal Reserve. Despite the passage of decades and the rise of an aggressive new global order anchored by the UN system and the Bretton Woods agreement, the United States remained stubbornly aloof, agreeing to abide by many of the BIS's standards but refusing to formally join the organization.

All of that changed in 1994, under the leadership of a British economist named Andrew Crockett, who was determined that his tenure as president of the BIS would see the formal accession of the Federal Reserve. For 60 years the Fed had followed the activities of the BIS with keen interest, but had never taken up its tranche of proffered shares. But in 1994 — the year after the formation of the European Union, and the year that the North American Free Trade Agreement came into being — globalism was very much on the rise, and political conditions were finally ripe. On September 13 of that watershed year, the Federal Reserve joined the BIS. Two directors from the Fed were appointed to the BIS board, the Fed chairman and the president of the New York branch of the Fed. From that day to this, American banking has been fully integrated with the BIS — and much of the Fed's policymaking, unbeknownst to the American public, has been dictated by authorities in Basel.

One Europe, One Bank

The BIS had become extremely powerful in the postwar years. It was the key actor in the economic — and eventually political — integration of Europe, beginning with the creation of the European Coal and Steel Community in 1951, and continuing with the European Economic Community (EEC), or "Common Market," six years later. It was the BIS, pursuant to a clear mandate by globalist elites stretching back at least to the war, that was chiefly responsible for guiding the nations of Europe toward a single currency and a single central bank, the European Central Bank (ECB). The first iteration of European monetary convergence, the European Monetary Cooperation Fund, which was in operation during the lifetime of the EEC, was steered by the BIS. Beginning in 1979, the BIS operated the clearing and settlement system for the European Currency Unit (ECU), the precursor to the euro. The Delors Committee, chaired by Jacques Delors, the "father of the EU," was headquartered at Basel, where it planned the economic, political, and monetary convergence of Europe alongside the BIS brain trust. Of particu-

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Bretton Woods: At this 1944 conference in New Hampshire, the postwar global financial and monetary order was planned under the leadership of British economist John Maynard Keynes and American Treasury official and Soviet spy Harry Dexter White. The BIS, on the chopping block for its support of Hitler, was rescued by Keynes and the British delegation.

Monetary Mandala: Project Mandala is just one of a number of initiatives by the modern BIS to bring about a single global banking system, complete with unified standards for currency exchange, international commerce, reserve and capitalization requirements, and transparency.

lar importance to these proceedings was Alexandre Lamfalussy, the general manager of the BIS, who is widely regarded as the key figure in both the transition to the euro and the establishment of the European Central Bank. In 1993, Lamfalussy left the BIS to become the director of the European Monetary Institute (EMI), the organization housed at the BIS that was the predecessor of the ECB, and that was tasked with consummating the European currency union. As a cosmetic show of separation, the EMI eventually decamped to Frankfurt, but to those in the know, there was no doubt: The European political and economic convergence project that culminated in the euro, the ECB, and the European Union itself, was primarily done under the direction of banking and financial elites at the BIS.

The accession of the Fed to the BIS in 1994, mere months after the Maastricht Treaty establishing the European Union came into force, left the BIS more powerful than ever. Not only had it realized the utopian scheme of a European union, it had brought the mighty American Federal Reserve to heel.

Toward Global Integration

In addition to planning the unification of Europe, the BIS had established itself as the global financial regulatory supremo, issuing the twice-modified "Basel Accords," which spell out regulatory requirements for member central banks (including the Fed) and, by extension, the commercial banks answerable to them. The most recent iteration of this web of global banking regulations, so-called Basel III, was promulgated by the BIS's tellingly named Basel Committee on Banking Supervision in the wake of the 2007-2008 "Great Recession," and includes stringent new standards imposed on central banks for capitalization, liquidity, operational transparency, and the like. Not only that, but Basel III has carved out an interesting exception for American banking: In addition to the Federal Reserve itself, all American banks with assets of more than $50 billion are also required to comply with BIS standards.

Nor is this all, not by a long shot. In April 2003, the BIS changed its unit of accountancy from the gold franc to the Special Drawing Right (SDR), the unit used by the IMF. This move signified not only the complete rapprochement between the IMF and the BIS, but, in effect, the subordination of the former to the latter, with the BIS presumably working on how to transform the SDR into a true global currency that would one day subsume even the mighty U.S. dollar. This is something the BIS clearly has the expertise to achieve, having already been instrumental in transmuting the ECU into the euro — and in creating a Continent-wide central bank, the ECB, to issue the new currency.

Moreover, the BIS's "Innovation Hub" has been working feverishly on several eyebrow-raising projects, including the creation of a workable global central bank digital currency (CBDC) and the creation, via its Project Nexus and its very recent proof-of-concept collaboration, Project Mandala, of a worldwide system of instantaneous cross-border payments — complete with measures to enforce compliance with all BIS liquidity and capitalization standards, as well as any UN-imposed sanctions or other restrictions.

From its deceptively humble beginnings as a club for European central bankers, the BIS has grown into a global financial and regulatory behemoth, before which even the world's most powerful central bankers now bow and scrape. From its original seven founding member nations, the Bank for International Settlements' membership has grown to 63 central banks and monetary authorities, including all of the world's largest central banks, from the Far East to the Middle East to Europe to the New World. The likes of Japan, China, Vietnam, Indonesia, India, Turkey, Israel, and Algeria all conduct their central banking under the same authority as Germany, France, the United States, Canada, and Argentina. While not quite as inclusive as the United Nations, the BIS, left to its own devices, clearly is on track to reinvent itself yet again — this time, as a full-fledged global central bank, complete with a global currency monopoly.

As of 2025, the BIS, having already turned itself into both the central bank of last resort and the Final Boss of global financial regulators, lacks little to accomplish its objective. Once it succeeds in creating a global CBDC and in transforming the SDR into a bona fide currency unit, financial sovereignty will become a thing of the past.

The only thing that could prevent such an outcome would be withdrawal of the Federal Reserve and the American banking system from the BIS devil's snare. For, quite aside from the damage the Fed itself has inflicted on the American economy by its inflationary policies, its entrapment in the BIS is a still-more-insidious threat. Only by withdrawing the Federal Reserve from the BIS, as a prelude to eliminating the Fed altogether, can the United States stave off the looming threat of subordination to a global central bank and global currency. ■

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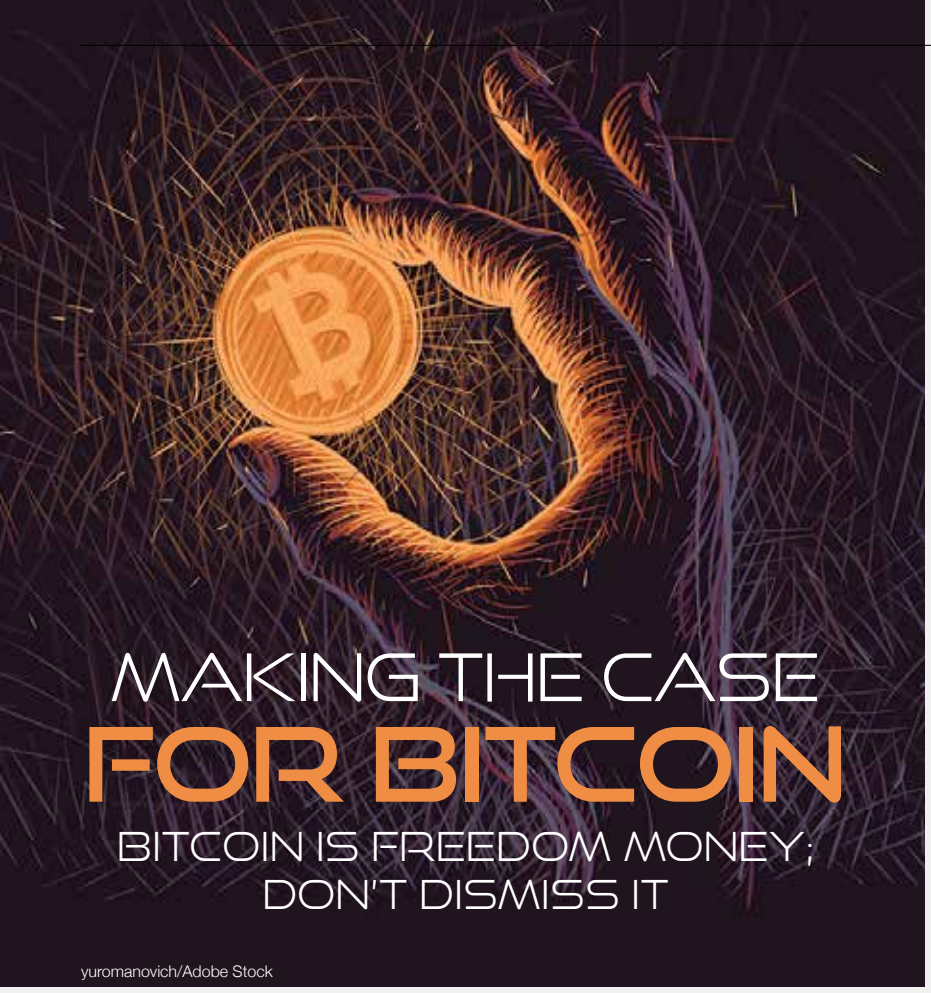


MAKING THE CASE FOR BITCOIN

BITCOIN IS FREEDOM MONEY; DON'T DISMISS IT

yuromanovich/Adobe Stock

by Paul Rosenberg

Bitcoin is freedom money, and it is changing the world day by day. Not everyone agrees with that statement, I know, but it's true all the same and I hope you'll keep it in mind.

Bitcoin came from the Cypherpunks. I know this because I was a part of that scene, knew a lot of the players, and watched all the pieces come together, beginning in 1995.

Cypherpunks were (and are) cryptography advocates. They began to flourish in the early 1990s as they realized they could "wall-off" areas of cyberspace from the intrusions of governments. To give you some flavor, here are a few early quotes from these people:

• "Governments of the Industrial World, you weary giants of flesh and steel, I come from Cyberspace, the new home of Mind. On behalf of the future, I ask you of the past to leave us alone. You are not welcome among us."

• "We don't much care if you don't approve of the software we write. We know that software can't be destroyed and that a widely dispersed system can't be shut down."

• "Arise, you have nothing to lose but your barbed wire fences!"

These were not financial people cobbling together a new investment that would make them rich, and these were definitely not elites. These were bright young people, more or less libertarians, intent on building a better world.

One by one, they added pieces to their demands for liberty: Diffie-Hellman key exchange, Ralph Merkle's hash trees, Adam Back's proof of work, Hal Finney's reusable proof of work, Bram Cohen's BitTorrent, and the economic incentives clarified by Friedrich Hayek. These are the pieces that came together to form Bitcoin, and they were all major topics on the Cypherpunks list long before Bitcoin was coded.

So, this is where Bitcoin came from, and those who argue otherwise have no direct observations to offer. I was watching in real time, and hundreds of others were watching with me.

Immaculate Foundations

Bitcoin's foundations are just about the firmest imaginable; immeasurably firmer than government money and even firmer than gold. Bitcoin rests on mathematics, which is built into the very structure of our universe.

Cryptography involves the multiplication of large prime numbers. It gets more complex from there, but that's the core of it. And Bitcoin is built with cryptography; it uses cryptographic keys and hashes (you can think of a hash as a signature) to secure transactions.

To grasp the power of this, consider that Bitcoin hashes are 16 to the 40th power (16^{40}), a number 64 digits long. That's a completely astronomical number; it's not going to be guessed. More than that, in order to hack Bitcoin, you'd have to get that 16 to the 40th answer within a 5-10 minute window, then get another three or four after it without missing one.

Cypherpunks used to say, "You can't put a bullet through a math problem," and they were quite right. Bitcoin is essentially as solid as the proposition that two plus two equals four.

More concretely, Bitcoin is a computer program that operates on tens of thousands of computers simultaneously, running math problems. If you wanted to mess with that program, you'd have to mess with all of those computers simultaneously, as well as messing with all the backup copies of the program.

All the "blocks" of Bitcoin transactions, chaining one to another, are simply the answers to large math problems. We call the computers trying to solve those problems *miners*, in honor of gold miners.

And here's the crucial thing about Bitcoin, the stroke of genius that makes it so terribly important: There's no way to determine which of the thousands of Bitcoin miners will get to the answer first. That gives us trustworthy transactions, *without a trusted party*.

So, what we see in Bitcoin is trust (16 to the 40th power trust) with no boss at the center. *That* is revolutionary. Bitcoin has no handle for any tyrant (or anyone else) to grab. There is no owner, no company, no override, no reset switch, no emergency shutdown mechanism, or anything of the type. It is not, in any way, tyrant-friendly.

Bitcoin is also a finite currency: It cannot be

Paul Rosenberg has been a cryptography advocate since the 1990s, co-founded the Cryptohippie Anonymous VPN, and writes the Free-Man's Perspective *newsletter (freemansperspective.com).*

printed up on demand. Only 21 million Bitcoins will ever exist, and close to 20 million exist already. Bitcoin is already considerably scarcer than gold.

Now, here's the one point I'd really like you to absorb: Bitcoin is a layer of honest, immutable money operating in the world, and that layer will only get wider.

The powers-that-be cannot play their games with Bitcoin. They can confuse people, frighten them, and get them to keep their Bitcoin in Wall Street's hands, but the Bitcoin itself is simply not corruptible.

Bitcoiners' Infighting

Bitcoiners are passionate people; they've had to be. And so when they have disagreements, things can get a bit heated; such is the way of strong personalities.

Bitcoin began as currency for private cryptographic transactions, the type that tyrants couldn't stop. That's what nearly all of us wanted at the beginning, myself included. The rest of the world, however, decided that Bitcoin was an amazing store of value. And it must be said that they were not wrong.

Soon enough, more people wanted to use Bitcoin as a store of value than as a dark currency. And so, via a clumsy set of events, that's what Bitcoin became. And it's the greatest store of value ever known. There is simply no better way to move wealth through time.

That does not, however, mean that we need to give up on Bitcoin as private currency for daily transactions. In fact, many add-ons and supplements have been devoted to precisely that. Monero is an excellent privacy currency. Bitcoin Cash is still working. The Lightning Network (an overlay) allows for immense volumes of transactions at very low cost (and with added privacy). And these are just three of many.

Here's the Good Part

Believe it or not, Bitcoin is able to change the world at the largest scale. It does this by changing the incentives that govern human affairs. The process may not be fast, easy, or pristine, but the principle remains true: *Change the incentives, change the world.*

Briefly, I'll give you three shockingly big things that are being and will be affected by this:

• **War:** Bitcoin can't entirely fix war, of course; that won't happen until humanity itself upgrades. But it will drastically reduce it. Bear in mind that we in the United States haven't actually paid for a war since World War II. That war required actual sacrifices: rationing, massive sales of War Bonds, and shortages. In 1971, however, dollars were cut free of gold and could be printed up in any quantity with no immediate consequences. All the wars since have been run on credit. Bitcoin does not permit this. In a Bitcoin economy, running a war requires people to pay for it in the here and now. Hence there will be fewer wars, and much more careful ones.

• **Welfare:** Like war, welfare was unleashed by cutting the link between gold and the dollar. Under a large number of programs, trillions of dollars have been spent for "human needs." The operation simply hasn't worked, as we know, and it has massively indebted productive people. This mess could not exist under a Bitcoin model. Welfare would have to come directly from working people, and it would be very easy to see that private charity produces far better results for a fraction of the cost.

• **Public Corruption:** Corruption is as old as positions of advantage, and so, again, Bitcoin won't entirely fix this, but it will chop it down to size. One way or another, corruption is always proportional to government spending. The briber pays according to what the bribee has to give. And the ability to give has massively expanded under the model of fast, painless money creation. Whole departments and regulatory regimes are created and funded with no more effort than keystrokes. Once the money stream stops because getting money is painful, the bribery business will dry up; not entirely, but very significantly.

BITCOIN IS A LAYER OF HONEST, IMMUTABLE MONEY OPERATING IN THE WORLD, AND THAT LAYER WILL ONLY GET WIDER.

Brian/Adobe Stock

But Wait, There's More

Before I close, please consider the economic world of 1910. New money had to be pulled, grudgingly, from the ground. If governments wanted money to spend, they had to get it from those who earned it. That pushed them more toward being beggars and less toward being dictators.

New investments were funded mainly by subscription, which was roughly equivalent to GoFundMe. Stock prices were based upon earnings and the dividends that came from them. People retired on those dividends.

But the greatest difference in that time was the dignity of the working man. The next time you go through an old city, look at the grand homes that were built in that era, then consider this: Those homes were owned by grocers, mechanics, longshoremen, and bakers.

Hard work and prudence, in those days, allowed someone to do very well.

Consider also that the honest, hard workers of that era *made* loans. Their grandchildren, conversely, found themselves walking into banks and begging for loans. This fundamentally changed their attitude regarding themselves.

Under a new, honest money regime, the dignity of productive men will be restored. They will return to their position as primary sources of value as creators. This is the change that really matters, and it *will* fundamentally reshape society.

Bitcoin is already changing the world, and it will continue to do so. A full Bitcoin regime would still contain flaws, abuses, and stupidities, but *it would not fund them and defend them* as government money does.

Gold and silver could also do a good deal of this, but they aren't in actual use; mostly they sit on shelves.

So, the more of the world economy that Bitcoin accounts for, the less manipulation will work.

The rest we have to fix ourselves. ■

Johannes/Adobe Stock

BITCOIN BAILOUT

WHY A BITCOIN STRATEGIC RESERVE IS A BAILOUT OF THE BIG BOYS

by Catherine Austin Fitts

This article, written by Catherine Austin Fitts, president of Solari, Inc., was first published by Solari in December 2024. Since its publication, President Trump has, as this article predicted, ordered the creation of the "Strategic Bitcoin Reserve." Soon after, on March 11, GOP Senator Cynthia Lummis of Wyoming reintroduced a bill (first introduced in 2024) to codify the president's executive order by authorizing the purchase of one million Bitcoins over five years. The legislation instructs the Federal Reserve to be in charge of the purchases, according to The Hill*:*

> *The funds for the bitcoin purchases would come from "diversifying existing funds" in the Federal Reserve system, according to a press release.*
>
> *The first $6 billion in remittances from reserve banks would be set aside each year between 2025 and 2029 to build up the reserve. It would also rely on the Fed's gold certificates.*
>
> *"Bitcoin is not simply a technological opportunity, but a national imperative for America's continued financial leadership in the 21st century," Lummis said in a statement.*
>
> *"By transforming the president's visionary executive action into enduring law, we can ensure that our nation will harness the full potential of digital innovation to address our national debt while maintaining our competitive edge in the global economy," she continued.*

In other words, Trump and his supporters in Congress want to use the Federal Reserve, including the Fed's gold stockpiles, to buy Bitcoin for the U.S. government. The reasons this is a bad idea are described in Catherine Austin Fitts' prescient article.

What Is Bitcoin?

Bitcoin (BTC) is a cryptocurrency, a private digital currency that does not depend on a central bank, commercial bank, or government to manage or take responsibility for it. The Bitcoin design was published in 2008 by Satoshi Nakamoto, presumed to be a pseudonym for an unknown individual or a group of unknown software developers. Bitcoin use began in 2009 on an open-source basis. Bitcoin transactions are recorded on a publicly distributed ledger called a blockchain.

As of December 24, 2024, the total number of Bitcoins in circulation was reported to be 19,800,734, and the total market capitalization of Bitcoin was $1.9 trillion, making Bitcoin the most popular form of cryptocurrency. Bitcoin's price and market capitalization are highly volatile; the price of a Bitcoin ranged during 2024 from a low of approximately $38,000 to a high of $108,000.

How Many Americans Own Bitcoin?

As of 2023, it was estimated that approximately 14.6 percent of American adults owned cryptocurrency, with three times more men owning crypto than women. According to a Pew Research Center study published in October 2024:

> Roughly six-in-ten Americans (63%) say they have little to no confidence that current ways to invest in, trade or use cryptocurrencies are reliable and safe. This includes three-in-ten adults who say they are not at all confident, and a third who say they are not very confident. Just 5% of adults are ex-

tremely or very confident in cryptocurrencies, and 18% are somewhat confident. These findings are largely similar to what the Center found in March 2023.

How Many Bitcoins Can Be Created?

Bitcoins are created by Bitcoin mining. This is described by Investopedia as follows:

> Bitcoin mining is a network-wide competition to generate a cryptographic solution that matches specific criteria. When a correct solution is reached, a reward in the form of bitcoin and fees for the work done is given to the miner(s) who reached the solution first.

The initial Bitcoin design was set up to create 21 million Bitcoins, of which 19.8 million are officially reported to have been created as of December 2024. However, that limit can be changed — it is by no means firm. There is no law, regulation, or enforcement mechanism that limits the number of Bitcoins that can be mined, and those in control of the stated limit are software programmers, in a system that operates solely on trust. There is no way to audit or confirm the existence of the total number of Bitcoins that holders believe they own.

BlackRock is the sponsor of the largest Bitcoin exchange-traded fund (ETF), the iShares Bitcoin Trust (IBIT). An ETF is a securities vehicle formed as a trust designed to be purchased by investors through the brokerage system and stock and bond markets. The idea behind a Bitcoin ETF is that the investor buys shares in the ETF and the trust uses the proceeds to buy and hold Bitcoin through a custodial arrangement.

Launched in January 2024, BlackRock's IBIT ETF has grown to a market capitalization of $48 billion. It is described on Yahoo! Finance as follows:

> The shares are intended to constitute a simple means of making an investment similar to an investment in bitcoin rather than by acquiring, holding and trading bitcoin directly on a peer-to-peer or other basis or via a digital asset exchange.

BlackRock describes the investment objective as, "The iShares Bitcoin Trust ETF seeks to reflect generally the performance of the price of bitcoin."

BlackRock Fund Advisors, as the trustee of the IBIT trust, is subject to U.S. securities laws governing disclosure to investors because shares in IBIT are securities.

AP Images

Major investor: Multinational investment company BlackRock runs the largest Bitcoin investment vehicle, iShares Bitcoin Trust (IBIT). BlackRock admits that more Bitcoins could be created, and some investors say Bitcoin's protection against inflation is illusory.

kmls/Adobe Stock

Rule 10b-5 under the Securities Exchange Act requires that any information material to an investment decision be disclosed to investors in considering whether to purchase or sell shares.

BlackRock recently published a video on Bitcoin that included a disclaimer that "There is no guarantee that Bitcoin's 21 million supply cap will not be changed."

Interestingly, the IBIT prospectus includes a reference to a legal opinion on certain tax matters, but there is no legal opinion about the alleged share limit and no disclosure as to the risks of the investment in IBIT shares as there would be in, for example, a prospectus for an investment in common stock or bonds.

BlackRock's disclosure echoes statements by investor Charlie Munger in 2017 warning of the "flexibility" of the Bitcoin issuance limit, as well as a recent statement by entrepreneur Peter Thiel, who implied that he did not see where the investors would come from to keep the speculation in Bitcoin going.

In addition to questions about the potential for future increases in the number of Bitcoins that can be mined, there are reports of "inflation bugs" in the Bitcoin software and concerns that the Bitcoin ETFs issued by BlackRock, Fidelity, and other securities firms may not be fully collateralized, given questions that have arisen regarding precious metals ETFs as well as in the mortgage markets.

Bitcoin is often promoted as a protec-

tion against inflation because the number of outstanding coins is limited. In fact, this is an illusion because the number of outstanding Bitcoins is determined by a small group of private parties who are not yet subject to clear standards of regulation and disclosure.

Who Maintains the Bitcoin Blockchain?

The Bitcoin blockchain is maintained by the Bitcoin miners who cover their expenses through new Bitcoins they create as well as transaction fees. There are questions as to whether they can generate sufficient transaction fees in the future to maintain the network on a sustainable basis. A significant challenge is that Bitcoin is exceptionally energy intensive, generates significant demand for water and hardware infrastructure, and creates e-waste. As of December 9, 2024, Bitcoin's annual consumption of energy was estimated to be equal to 4.1 percent of U.S. annual energy consumption, 30.7 percent of that of Canada, 54 percent of that of the United Kingdom, 150.2 percent of that of the Netherlands, and 251.6 percent of that of the Czech Republic.

Fundamental economics and environmental impacts and related municipal pushback raise questions about the viability of the Bitcoin ecosystem. From a public policy standpoint, one may question the wisdom of dedicating increasingly scarce energy, water, and mineral resources to a product that has no underlying productive purpose and functions primarily to serve the interests of speculators.

Who Owns Bitcoin?

There is limited information regarding Bitcoin holdings. Although ownership has since expanded, an MIT study published in 2021 described characteristics that continue to apply:

> The authors found that participation in Bitcoin is skewed toward the elite. Their research showed that at the end of 2020, there were 1,000 "clusters" controlling 2 million bitcoins.
>
> The authors clustered addresses so that all addresses that sent bitcoins in any single transaction were deemed to belong to the same entity. [Author Anoinette] Schoar said this often happens for the sole purpose of obfuscating the origin of funds. In addition, the top 10,000 clusters owned more than 4 million bitcoins — about a quarter of all outstanding bitcoins. This has important implications for market stability.
>
> "Somebody who can easily spend a hundred million dollars' worth of Bitcoin and sell it or buy it can have a massive price impact in the market," Schoar said. "That's typically a situation we don't like, because it means as a regular retail investor, you might suddenly find yourself x percent down because of massive volatility, which might be created by a few large investors randomly deciding to sell some of their holdings."

This raises important questions. Given that the Bitcoin market is relatively illiquid, how can the early investors with significant-percentage holdings that represent a significant percentage of total outstanding Bitcoin liquidate their investments? And if and when they do liquidate, how can they get the highest price possible? And then, how can they avoid significant capital gains taxes?

How Has Bitcoin Been Marketed?

Bitcoin was initially designed as a decentralized global payment system that, if adopted, had the potential to facilitate low-cost global transactions and provide a decentralized transaction system that supplemented and was an alternative to sovereign currencies. Instead, a small group of software developers assumed control of the system and rules, shifting the system to one that had high transaction fees, was relatively illiquid, and was promoted as a digital asset. The result is that Bitcoin does not serve a utilitarian or practical function. Rather, it serves primarily its early adopters as a speculative asset. Consequently, the price and market liquidity depend on attracting more people to buy Bitcoin as a speculative asset, hoping that its price will go up.

In early 2023, economists at the Bank for International Settlements (BIS) estimated that most retail investors in Bitcoin

Boosting Bitcoin: Then-candidate Donald Trump was the keynote speaker at the Bitcoin 2024 conference last July. The price of Bitcoin soared to $106,000 a few weeks after Trump's election. Many investors see the Trump administration as pro-cryptocurrency.

AP Images

had not yet achieved a positive return on their investment. Another challenge for potential investors is the level of fraud in the crypto marketplace. In 2023, the FBI received approximately 69,000 complaints regarding cryptocurrency fraud totaling $5.6 billion.

According to the FBI's "Cryptocurrency Fraud Report 2023," "While the number of cryptocurrency-related complaints represents only about 10 percent of the total number of financial fraud complaints, the losses associated with these complaints account for almost 50 percent of the total losses." In part, this reflects the absence of a clear regulatory structure and strong industry standards and practices for the crypto market.

In April 2024, Roger Ver and Steve Patterson published a detailed and highly documented history of Bitcoin's evolution from payment system to speculative digital asset, titled *Hijacking Bitcoin: The Hidden History of BTC*. This is an excellent overview for any government official or policymaker considering Bitcoin proposals or regulatory treatment.

Shortly after *Hijacking Bitcoin* was published, the Department of Justice (DOJ) targeted Roger Ver, allegedly based on questions regarding his exit taxes when he renounced his U.S. citizenship in 2014. As an early investor in Bitcoin, Ver's holdings would be an attractive acquisition for the DOJ Assets Forfeiture Fund in the process of building positions in Bitcoin. The U.S. Marshals Service, which manages the DOJ Assets Forfeiture Fund, uses Coinbase as a custodian for seized Bitcoin, as does IBIT (the BlackRock Bitcoin ETF), which is growing rapidly.

Who Is Proposing the Creation of Bitcoin Strategic Reserves?

Several proposals for a Bitcoin strategic reserve were floated during the 2024 U.S. presidential election campaign.

At the Bitcoin 2024 conference in Nashville in July, then-presidential candidate Donald Trump promised, if elected, to fire Securities and Exchange Commission Chairman Gary Gensler, whose regulatory policies and enforcement are unpopular with the crypto industry. In addition, Trump proposed halting sales of existing DOJ holdings of approximately 208,000 Bitcoins representing asset seizures and moving the position to Treasury as a permanent holding. This would ease downward price pressure in the relatively illiquid Bitcoin market.

To great applause, at that same conference Robert F. Kennedy, Jr. proposed a long-term, mandated Bitcoin buying program by the federal government, promising that this would raise the Bitcoin price significantly. He also proposed that sellers should be allowed to remain confidential and have the opportunity to reinvest their proceeds on a tax-free basis by qualifying the exchange of Bitcoin for real estate as a Section 1031 like-kind exchange. This could result in extraordinary windfall profits to the "Bitcoin billionaires."

In 2018, in response to lobbying by the tech industry, the first Trump administration created a tax vehicle called "Opportunity Zones." Currently, capital gains from cryptocurrency transactions can be reinvested tax-free in Opportunity Zone assets.

Trump transition-team Co-Chair Howard Lutnick, now secretary of commerce, also spoke at the Bitcoin 2024 conference. Lutnick is chairman of primary dealer Cantor Fitzgerald, the leading manager of stablecoin Tether's investments in U.S. Treasury securities.

The candidates' very presence at Bitcoin 2024 reflected the significant increase in donations from the crypto industry and investors. The crypto industry was the largest in the corporate-donor category during the 2024 election campaign, with over $200 million in donations.

Subsequent to the election, numerous proposals for government Bitcoin strategic reserves have been floated by crypto enthusiasts. Legislators are experiencing astroturf lobbying efforts, and federal and state

legislation has been proposed that would mandate or permit the federal and state purchase or holding of Bitcoin and permit the payment of state taxes with Bitcoin.

How such purchases would be financed is not yet clear. At the federal level, purchases could be financed from appropriations, which depend on sales of Treasury notes and bonds, a growing percentage of which are purchased by American retirement funds or monetized through the Federal Reserve in a way that is driving inflation.

Another source of funding for Bitcoin strategic reserves could be asset seizures by the DOJ.

Bitcoin lobbyists have suggested the following questionable reasons for such an investment by government:

• To show a commitment to embracing innovation and driving economic progress;

• To showcase a dedication to financial advancement and pave the way for a thriving future;

• To boost financial stability with a "high-performing" asset;

• To become a destination for Bitcoin entrepreneurship and innovation; and

• To create new jobs.

Of course, such lobbyists make no mention of the energy and technology consumption and environmental stress that would necessarily accompany such a reserve, the volatile nature of the crypto markets, or the regressive nature of a system in which working-class, government, and other workers' retirement accounts are used to fund the buyout of Bitcoin billionaire crypto positions. If the returns on Bitcoin to date are dependent on attracting more speculators into a Ponzi-type speculation, it is clear that there will be no investor large enough to keep the historical returns going.

The central banks and large gold investors have traditionally generated revenues on their precious-metal inventories by leasing their gold; this is one of the reasons there are concerns about collateral risks in the precious-metal markets. Clearly, the Treasury could lease Bitcoin holdings to ETFs, which could solve the exchange-traded funds' challenge of acquiring Bitcoin in a relatively illiquid market. This would make it easier for BlackRock, Graystone, Fidelity, and other ETF sponsors to market their Bitcoin ETFs to institutional investors, including state pension funds.

States typically run balanced budgets using tax collection (and sometimes borrowing) to fund current expenses. Acceptance of Bitcoin in payment of state user fees and taxes for long-term holding would tie up current revenues and require increased borrowing, higher taxes, or cutting expenses. If state investment guidelines are modified to treat Bitcoin as a "permitted investment" for state rainy-day funds or state pension funds, state fund managers would necessarily sell investments in real and performing assets — including real estate, securities backed by real assets, bank certificates of deposit, and bonds of federal, municipal, and corporate enterprises — in order to invest in speculative assets. Doing so would generate no productive economic activity other than profits for speculators, including the early Bitcoin insiders and billionaire campaign donors.

Zinsmute/Adobe Stock

Cui Bono? The Bailout of the Big Boys

We can see why large Bitcoin holders would want federal and state buying programs to help them increase prices and create a sufficiently liquid market to make it possible to exit their positions, particularly before the Bitcoin ecosystem becomes unsustainable and the competition for increasingly scarce energy resources and the growing environmental damage become more widely understood. We can also see why ETF sponsors would view federal and state purchases and holdings as a highly profitable way to build their asset-management business in digital assets. Finally, we can see why some politicians might be interested in campaign donations that could result from the facilitation of donor profit-taking through large crypto sales and ballooning government investment in digital assets.

However, using taxpayers' and state pension funds' money to fund Bitcoin reserves serves no public purpose. If citizens want to purchase speculative digital assets in a dark market, they can do so on their own accord. They should not be forced to do so by government mandates that represent a reverse Robin Hood scheme in which the government takes from the poor to give to the rich.

If government can afford to buy private crypto assets, it can afford to — and should — cut taxes instead. Let citizens decide if, when, and in what they wish to speculate. Citizens do not need Bitcoin to fight inflation. What they could use to fight inflation is lower taxes, basic infrastructure, and public services that support a productive economy.

These are the types of investments that generate the healthy children, strong education, skills building, and entrepreneurial activity that lead to employment and income growth. Citizens do not need government to use their precious resources to further speculative bubbles that increase the income gap. ■

Vadym/Adobe Stock

U.S.A. vs. USA

GRASSROOTS GROUP SUES OVER ELECTION FRAUD

by Rebecca Terrell

Nationwide, compromised election systems threaten our Republic, say activists with the watchdog group United Sovereign Americans (U.S.A.). And while many officials are turning a blind eye to the threat, these steadfast patriots aren't willing to look the other way.

U.S.A. co-founder and CEO Marly Hornik brags about the hard-working volunteers who make up her organization — thousands of individuals bringing to light evidence of vote fraud and presenting it to local and state election boards across the country. More than a year ago, she told *The New American* about their plans to file mandamus lawsuits against election officials for failing to perform their duties as mandated by law. She recently gave us updates on U.S.A.'s successes.

"We're determined to make sure the problem gets fixed at its root," Hornik says, citing the "third sentence of the U.S. Constitution," which she paraphrases as: "We choose our representatives, and we can unchoose them."

New York Citizens Audit

Hornik started in her home state with the New York Citizens Audit (NYCA), a grassroots group that began researching voter rolls during the Covid lockdowns. NYCA was the first organization that tested the compliance of current voting systems against federal election laws, she says.

NYCA researchers were shocked at what they found — thousands of "intentional, malicious acts that should have been prevented." Hornik describes the New York voter rolls — "NYSVoter" — as riddled "with material omissions and errors" that violate multiple federal election laws, such as the Civil Rights Act of 1964, the National Voter Registration Act of 1993, and the 14th Amendment to the U.S. Constitution.

"We found more than one million errors in 2020, and 745,000 in 2022, yet the elections were certified!" Hornik exclaims. "This is not negligence. It is criminal, felony election fraud."

Yet when they brought their evidence to election officials, NYCA got sucker-punched. Hornik describes it as an ongoing battle with the New York State Board of Elections (NYSBOE), which has sent letters to state associations of sheriffs and district attorneys, to town councils and county governments, and to election officials statewide alleging that NYCA is "spreading mis- and disinformation," Hornik says.

Additionally, New York's infamous Democratic Attorney General Letitia James launched a criminal investigation of NYCA. "We lost 1,500 volunteers because they were intimidated, which is itself a civil rights crime," Hornik relates. NYCA also paid a hefty "$75,000 bill" for legal fees.

Rebecca Terrell is a senior editor of The New American.

"Can you imagine how upside-down this is?" she asks. "The only reason the board of elections exists is to make sure that we can choose our representatives." She quotes Alexander Hamilton in *The Federalist*, No. 72, in which he details the importance of government officials being accountable to the public.

Interestingly, an anonymous whistleblower recently leaked to Hornik a confidential message from Jennifer Wilson, deputy director of public information at NYSBOE, to county officials. It read, "The state board is working on a full audit of voter records (active, inactive and pre-reg voters only) in NYSVoter to ensure they match county records within your local registration systems."

Hornik sees this as an implicit admission, though "it's not legit," she acknowledges. "You can't audit yourself."

United Sovereign Americans

During her New York investigations, Hornik met grassroots activists from other states who were imitating her efforts. They were witnessing similar backlash from public officials; at best, they were ignored. So these individuals decided to form United Sovereign Americans as a nonpartisan group to "secure the original constitutional guarantee of being able to choose our representatives and having a guaranteed republican form of government in every state — which is an individual right for each person," Hornik points out.

They performed audits in 21 states using the records that must be maintained according to federal law. "We sent comprehensive results to states as well as the FBI, Homeland Security, and the public integrity office at the Department of Justice," Hornik says. Every office they contacted received a hard drive containing individual registration records that fell into question, and U.S.A. asked for line-by-line investigations. Additionally, members took the evidence to hundreds of local officials in those 21 states.

"Every state wanted to dismiss the issues we raised," Hornik remembers. "That was very disheartening. All we wanted to do was solve the problems. We want our country the way it was designed to function. But regardless of political bent, everyone wanted to kick the can down the road."

Litigation

U.S.A. members soon realized that in order to achieve their objective, they'd have to resort to the courts. "We filed nine federal lawsuits — an unprecedented act by citizens in defense of our country," Hornik notes. "We're not some fancy advocacy organization. We raised half a million dollars and asked the courts to enforce [the] law."

Their suits take aim at the chief election official in each state, along with U.S. and state attorneys general. Hornik explains that the chief election officer is responsible for certifying both federal and state elections. "Those 50 Americans could be the most important officials" in the country, she notes, yet not all are elected. Some are appointed; in her home state, they are chosen by political parties. "They are partisan, yet they appoint these officials!" she says.

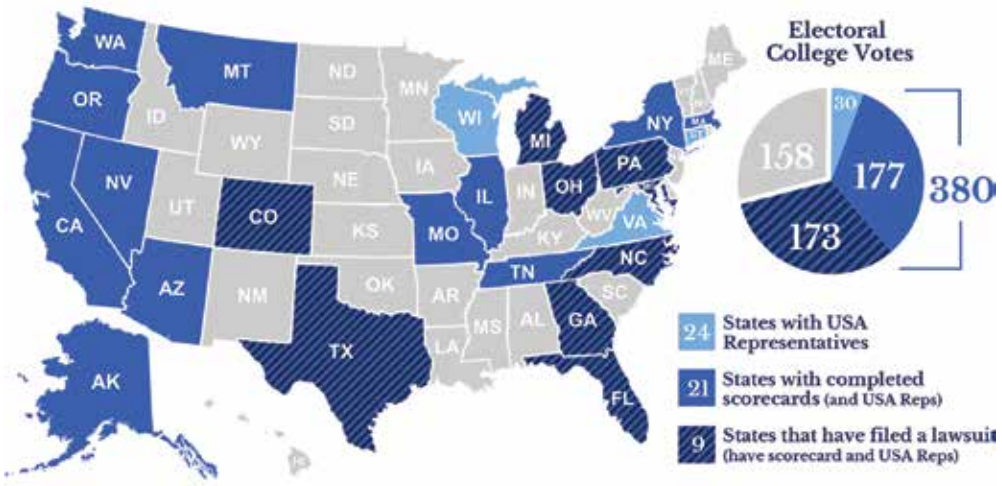
Regardless, according to U.S. Supreme Court precedent, when the chief election officer signs the certification record, he is signing both professionally and personally. "It doesn't matter if they knew it was false," she says, "because it's their job to make sure it's true. And how can we secure the law using a process that does not follow the law?"

The nine U.S.A. lawsuits are currently ongoing, but every state has filed motions to dismiss, as did (now former) U.S. Attorney General Merrick Garland. Hornik says that, regardless of the outcome at the district level, she expects the suits to be appealed. That's a deliberate goal of U.S.A., because they want to end up taking the cases to the U.S. Supreme Court. "It's the highest equity court in the land," Hornik explains, "the highest court to make constitutional decisions. How do we guarantee we get in front of the Supreme Court?"

"We came up with an interesting idea," Hornik relates. "We had to start at the district level; in nine states we did so," filing across seven different federal court circuits. On appeal, the district cases will end up at the circuit level. "When you have circuits that issue rulings at variance with one another, you have a crisis, because you don't have legal clarity. How can anyone be held accountable?" she asks.

"So circuit disagreement means the Supreme Court has to hear the case from the start, acting like a typical court would," including discovery, hearings, depositions, etc. Hornik adds, "We deliberately chose courts that we thought would disagree in order to accomplish this." For instance, they chose a specific Texas judge known for his adherence to the Constitution. "That's where most of the motions to dismiss landed."

Besides issuing from government entities, the motions Hornik mentions are from groups such as the NAACP, the League of



unite4freedom.com

Women Voters, the leftist Brennan Center, and Marc Elias' Democracy Docket. "What we have discovered is that the organizations seeking to debride the security of our election process — on the basis of allegations of broad disenfranchisement of minorities, as if it was still 1964 — are terrified of these lawsuits."

Hornik says their objections focus on the 11th Amendment, which restricts federal courts from hearing certain lawsuits against states. "We're not suing the state," answers Hornik. "We're asking the chief election official to follow the law."

Other objections claim that U.S.A. and its members do not have standing. "How can you possibly say that we don't have a right to protect suffrage in federal court against a state official who is wildly out of compliance with federal law?" she queries.

"They say you can't question this because you won't have continuity of government," Hornik adds. "Well, we have continuity of fraud right now, so that ain't working either!"

Raw Data

The nine states in which U.S.A. lawsuits are filed represent 173 Electoral College votes: Colorado, Florida, Georgia, Maryland, Michigan, North Carolina, Ohio, Pennsylvania, and Texas. Visitors to the U.S.A. website, unite4freedom.com, can view all filings in each case.

U.S.A. members in 12 other states have completed their investigations and could potentially file their own suits. These states represent 177 additional Electoral College votes: Alaska, Arizona, California, Illinois, Massachusetts, Missouri, Montana, Nevada, New York, Oregon, Tennessee, and Washington. Three other states — Connecticut, Virginia, and Wisconsin, which together total 30 Electoral College votes — have U.S.A. representatives currently investigating their voter rolls.

U.S.A. tallies the sum of materially deficient voter registrations in 2022 in the above 21 states as follows:

- 29 million materially deficient voter registrations;
- 10 million votes counted from deficient registrants;
- 2 million more votes counted than voters who voted; and
- 13 percent average vote error rate.

"This means that somehow, the system broke 29 million times" across these states in the midterm elections, Hornik marvels. "Voting systems are considered critical national security infrastructure. We can't have 29 million infringements! This is fraud."

Volunteers have also investigated data from last November. Using California as an example, Hornik reports that, "at the time their election was administered and certified, they had more than 9.5 million materially deficient individuals registered to vote in the state." Some registrations bore invalid names, addresses, and/or dates. Others involved duplicate registrations. There were even thousands of instances of a voter ID existing without being attached to a real person. U.S.A. calculated that these errors together impacted more than 5.5 million unique ballots in California's 2024 election.

"That means no one — not even the officials in charge of ensuring election correctness — knows who really won any of our recent elections," Hornik points out.

The Culprit

How did the system fail at such a scale? Some blame voting machines, others mail-in ballots, and still others interference by foreign governments. But Hornik says that elections are a process, with many points of vulnerability that must be protected against threats at all times.

First, a voting system itself must "conform to the risk-management framework that is part of federal law in securing infrastructure," she explains. Next, each individual registered in the system must be verified, as must each person who shows up on election day to vote — likewise for absentee or mail-in ballots. The accuracy of vote counts is equally important, and if the error rate exceeds federal standards, the election can't be certified. "The chief election official is responsible for making sure every step of this process is secure. Only then can they certify an election," Hornik asserts. "If not, they can and should throw it out!"

"You have to take this entire system and secure each step of it as if your liberty depended on it," she warns.

Lobbying Efforts

Hornik says that U.S.A. is looking forward to securing the 2026 midterms, and they are not simply hoping for the best with their litigation. In the meantime, they're lobbying elected officials on Capitol Hill, where Hornik says they have received a mixed reaction. She attributes that to propaganda.

"The information warfare that we've been subjected to for nine years — that there's never been election fraud, there never could be election fraud, election fraud is a figment of crazy people's imaginations — it has made our lawmakers very, very wary of coming along in support of us," she laments.

However, she has been able to gain some traction by relating that, during his first term in office, President Donald Trump authorized a commission on election integrity. When its members sought

to obtain the voter-registration lists from every state to determine error rates, the states answered with lawsuits. All but one refused to turn over data. Attempts to compare voter lists with citizenship records retained by the Department of Homeland Security were blocked, too. The commission disbanded.

Interestingly, and without intending to when they started, the members of U.S.A. have accomplished that review of data that Trump's commission was unable to even begin. "Here we are years later, and citizens took up this project," Hornik observes. "We got the voter rolls. We did the study. That has resonated really powerfully with a lot of representatives. This isn't some fly-by-night operation doing some random study. This is what President Trump wanted, and he was so politically attacked."

Hornik says U.S.A. is "working hard to get to the Department of Justice" as well, "because these are measured violations of criminal law, especially when the officials in charge of the records and systems refuse to look into it."

Legislators at the state level are also hearing from U.S.A., with grassroots lobbyists approaching lawmakers and asking them to request investigations by their respective attorneys general. The group even offers proposed legislation that would mandate audits of election processes and systems by an external, authorized auditing service.

Training

Hornik brags that her team has more than "700 years' of credentials" in specialties such as data analysis, cyber security, information systems, and auditing, and they have subjected all of their research to peer review.

The group offers weekly "Study Sessions," every Thursday from 7:00-8:30 p.m. Eastern time from its website at unite4freedom.com. And it is hosting a complete training conference April 4-7 in St. Louis, Missouri. Topics include election law, the U.S. Constitution, and both legislative and litigation solutions to election fraud.

"U.S.A. is a completely volunteer organization," Hornik says, "and we need people to join us. Nobody's getting a paycheck at U.S.A. We're fixing the problems through volunteer efforts."

She says their focus is on 2026 and future elections because "our country is on the line." U.S.A.'s ultimate goal is "to continue the beautiful promise that is America." ■

The Future of Money: The Fed, Big Banks, and Bitcoin

The banking elites who had long wanted to control money and credit succeeded when they created the Fed in 1913. They claimed it would benefit the little guy — but it was a scam.
(April 14, 2025) TNA250414

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Earth Day IN THEIR OWN WORDS

Earth Day has been commemorated every April 22 since 1970. Here we offer a small sampling of spectacularly failed predictions made in the 55 years since its founding.

— Compiled by Rebecca Terrell

"Dr. S. Dillon Ripley, secretary of the Smithsonian Institute, believes that in 25 years, somewhere between 75 and 80 percent of all the species of living animals will be extinct."
— Earth Day founder and U.S. Sen. Gaylord Nelson (D-Wis.), writing in *Look* magazine, April 22, 1970.

"It is already too late to avoid mass starvation."
— Earth Day chief organizer Denis Hayes, in the Spring 1970 issue of *The Living Wilderness*.

"In ten years all important animal life in the sea will be extinct. Large areas of coastline will have to be evacuated because of the stench of dead fish."
— Eco-alarmist Paul Ehrlich, Earth Day speech, 1970.

"Population will inevitably and completely outstrip whatever small increases in food supplies we make…. The death rate will increase until at least 100-200 million people per year will be starving to death during the next ten years."
— Paul Ehrlich, in *Mademoiselle*, April 1970.

"Air pollution may obliterate the sun and cause a new ice age in the first third of the next century if population continues to grow and the earth's resources are consumed at the present rate."
— National Center for Atmospheric Research scientist James P. Lodge, Jr., *The Boston Globe*, April 16, 1970.

"If present trends continue, the world will be ... eleven degrees colder by the year 2000. This is about twice what it would take to put us in an ice age."
— University of California, Davis, emeritus professor Kenneth E.F. Watt, on Earth Day, 1970.

"Because of the rising sea level, due to global warming, in the next few decades … up to 60 percent of the present population of Florida may have to be relocated."
— Former U.S. Vice President Al Gore, in his book *Earth in the Balance*, 1992.

"One study estimated that [the North Polar ice cap] could be completely gone during summer in less than 22 years. Another new study … warns it could happen in as little as seven years."
— Al Gore, during his acceptance speech for the 2007 Nobel Peace Prize.

Within a few years "children just aren't going to know what snow is." Snowfall will be "a very rare and exciting event."
— Dr. David Viner, senior research scientist at the University of East Anglia's Climatic Research Unit, in a March 2000 interview with the U.K. *Independent*, March 20, 2000.

"Demographers agree almost unanimously on the following grim timetable: by 1975 widespread famines will begin in India; these will spread by 1990 to include all of India, Pakistan, China and the Near East, Africa. By the year 2000, or conceivably sooner, South and Central America will exist under famine conditions…. By the year 2000, thirty years from now, the entire world, with the exception of Western Europe, North America, and Australia, will be in famine,"
— North Texas State University Professor Peter Gunter, in *The Living Wilderness*, 1970.

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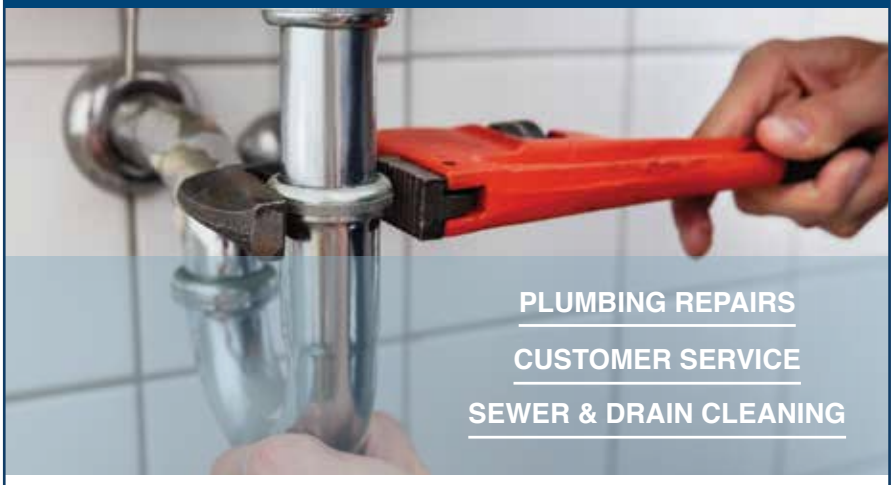

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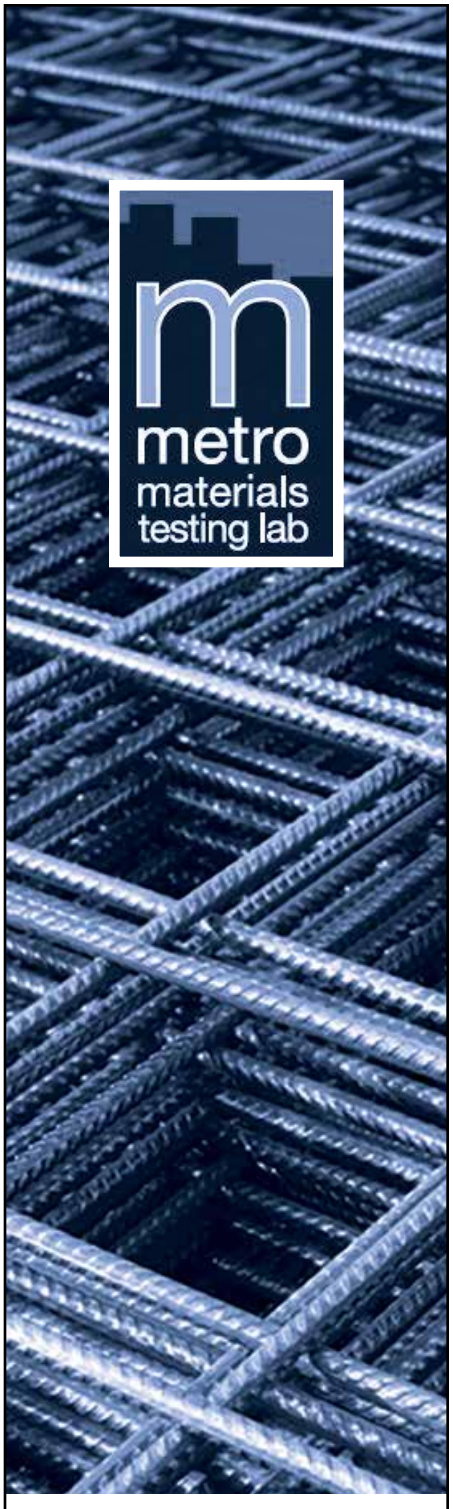

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Twisting the Facts on "Mass Shootings"

by Joe Wolverton II, J.D.

By now, we've all grown accustomed to the Left's reliance on emotion over evidence, and nowhere is that deceit more brazen than in the ongoing war against our right to keep and bear arms.

The latest salvo comes from the gun-control advocacy group Giffords, which recently posted on X: "One in 15 adults have survived a mass shooting, according to researchers from multiple universities. It's a startling statistic, yet it doesn't even include the number of Americans impacted by community violence, domestic violence, and suicides."

Startling? Yes. Startling in how shamelessly manipulative and flat-out dishonest it is. Let's unpack this fraudulent claim, piece by piece.

First, we must ask the obvious question: Where is the evidence for this alleged statistic? The Giffords group references unnamed "researchers from multiple universities" — a conveniently vague citation meant to confer authority while avoiding accountability. But a closer look at similar claims from anti-gun groups reveals that their definition of "mass shooting" is deliberately elastic. It often includes any incident in which four or more people are shot, not necessarily killed, and not necessarily by a single perpetrator, or even during a single event.

In fact, the very reason it's so difficult to pin down an accurate number of so-called mass shootings in any given year is because the Gun Violence Archive and other anti-gun propaganda outlets have twisted the definition beyond recognition. Under their warped criteria, double homicides, gang shootings, murder-suicides, triple homicides, and even firearm-related incidents in which no one is killed are all swept under the umbrella of "mass shootings." That sort of linguistic manipulation would make Orwell blush.

And this is precisely how they get away with pushing fabricated narratives such as *The Hill's* absurd 2022 headline claiming there were more than 600 mass shootings that year. No context. No distinction. No honesty. Just raw numbers inflated by junk methodology and spoon-fed to a media complex all too eager to amplify the lie.

That rhetorical sleight of hand is the oldest trick in the playbook of gun-control advocates: Define the problem so broadly that nearly everyone becomes a "victim," then use that emotional leverage to justify infringing on our rights.

The idea that one in 15 American adults — roughly 17 million people — have personally survived a mass shooting defies reality and reason. If that statistic were true, then virtually every one of us would know several people who'd been involved in a mass shooting. But we don't. Why? Because it isn't true. It's junk science, dressed up in academic robes and paraded through the media as fact.

The Giffords post quickly pivots from the already-inflated claim to its real objective: emotionally manipulating Americans into surrendering their rights.

The group says, "It doesn't even include the number of Americans impacted by community violence, domestic violence, and suicides."

That sentence tells you everything you need to know. They're not interested in precision. They're not interested in clarity. They're interested in inflating numbers, manufacturing fear, and making every tragic death a political cudgel with which to beat the Constitution into submission.

They roll suicides into the total — a grotesque distortion. Roughly two-thirds of all gun deaths in America are suicides, and yet they are routinely packaged with homicides to create the illusion of an epidemic of gun violence perpetrated by armed maniacs. But suicide is a deeply complex personal and societal tragedy — not an excuse to gut the Bill of Rights.

Likewise, so-called community violence is often a euphemism for gang-related activity in cities where strict gun-control laws already exist and have failed spectacularly. Chicago, Baltimore, Los Angeles — all paragons of disarmament, all plagued by violence. That's not a coincidence; it's a consequence.

Of course, the end goal of such propaganda is to chip away at your rights. That's the thread that runs through every lie, every manipulated stat, every teary-eyed press conference from the anti-gun lobby: abolish your right to self-defense and expand the power of the state.

And let's not pretend that those pushing these infringements care about safety. The folks at the Giffords organization and their ilk aren't calling for more gun training, restoring fatherhood, or moral reform in broken communities. No — they want law-abiding Americans disarmed, neutered, and dependent on government for protection. They don't fear guns in the hands of criminals — they fear guns in the hands of free men.

So let's tell the truth boldly: The Second Amendment is not negotiable. It is not a relic. It is not up for reinterpretation by gun-grabbing academics or statist bureaucrats. It is the bedrock of a free people — and we will not surrender it to liars, no matter how slick their slogans or how tearful their testimonials.

Let them spread their disinformation. Let them peddle phony numbers. But let us be equally relentless in exposing their fraud — and in defending liberty.

Because the real "mass shooting" isn't happening in our neighborhoods. It's happening in the media — and it's aimed straight at the Constitution. ■

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THE
REVIEW

The Fed: Both Fireman and Arsonist

by Steve Bonta

Playing with Fire: Money, Banking, and the Federal Reserve, Mises Institute documentary, 2025, 39 minutes.

The topic of central banking and the Federal Reserve might seem too abstruse for an introductory documentary. But the Mises Institute's recently released, 39-minute film *Playing with Fire: Money, Banking, and the Federal Reserve* is an admirably clear presentation of what many mistakenly regard as the most obscure branch of a "dismal science." Ranging from basic explanations of the nature of money and banking to a concise history of the Federal Reserve itself, *Playing with Fire* makes a compelling case that, as various of its commentators observe, the Federal Reserve is not only the fireman charged with putting out monetary conflagrations such as inflation and recessions — it is also the arsonist responsible for creating them in the first place.

As *Playing with Fire* observes, the activities of the Federal Reserve and other modern central banks are nothing less than "monetary shoplifting." This is because the Fed enjoys an absolute monopoly over the money supply, including determining which privileged institutions get to participate in money creation, and which individuals get to benefit from having first dibs on newly created money. While this arcane process is not discussed in great detail, the principle of the matter — that the Fed is a faceless monolith with absolute ascendancy over our financial destiny — is laid out in crystalline clarity.

As to the sordid and obscurantist details of modern monetary expansion — the details of open market operations, the buying and selling of repos, the privileged domestic and foreign "primary dealers" authorized to buy and sell Treasuries directly from the Treasury Department and the Fed, the endless tinkering with the discount window and with required reserves for commercial banks, the mysterium of currency swaps among the world's central banks via the Bank for International Settlements, the ever-evolving biases and fads among the money masters that have fetishized in their turn the money supply and interest rates as the focus of their policymaking, and other topics too numerous to mention — the interested viewer will need to do a lot more research. Modern finance, after all, is an immensely complicated subject, owing in no small measure to the phenomenon of "financialization," mentioned in *Playing with Fire*, whereby finance comes to have undue prominence in economies disfigured by fiat money creation.

This, after all, is the real story of the Fed and the fiat monetary system that it embodies. Not only has our currency been debased over time, but our entire system of values and valuations has been distorted almost beyond recognition. For example, as a result of generations of inflation, once-sacrosanct virtues such as savings and thrift have been thoroughly discredited in the public eye. And where America once laid great emphasis on manufacturing and building as primary founts of capital formation, today an inordinate amount of energy and talent is allocated to

financial innovation. One notorious by-product of this inflationary mindset was the hopelessly convoluted system of derivatives that led to the subprime mortgage crisis and subsequent collapse of the economy in 2008. Another is the modern fixation on once-obscure enterprises such as currency trading, which have enriched many without producing any tangible benefit. The immensity and complexity of our hyper-financialized society, in tandem with the disappearance of manufacturing and other tangible indicia of industry, are the long-term consequences of our inflationary monetary system anchored by the Federal Reserve.

All of this, and more, is germane to the study of what the late Hans Sennholz aptly called the "age of inflation." *Playing with Fire* summarizes the problem piquantly: The Fed has been empowered, in effect, to pick winners and losers. This is the unavoidable consequence of conferring on a select and unaccountable few the power to control the money supply. Such a system always enriches its enablers, functionaries, and collaborators, who become its de facto beneficiaries. These are all the privileged who enjoy primary access to newly created money, which inflates the value of their assets before percolating out into the wider economy, driving up prices for the rest of us.

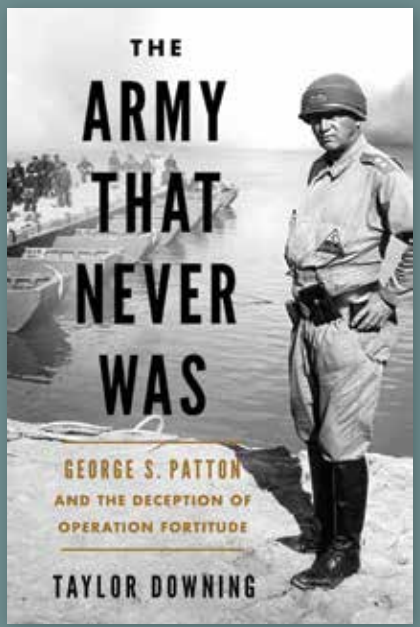
Playing with Fire focuses on recent history, from the Great Recession of 2008 onward, in order to show how the Fed has taken advantage of 21st-century crises in order to greatly enlarge its mandate. For example, in response to the subprime meltdown, the Fed under then-chairman Ben Bernanke embarked on an ambitious new program of purchasing mortgage-backed securities (MBS), paying for them, as it traditionally has for Treasury debt, with new money. This was in effect a Fed-orchestrated bailout of the MBS sector, and it laid the groundwork for similar aggressive bailouts during the Covid crisis. In a word, the Fed has begun monetizing corporate as well as government debt, and all in the name of that Keynesian catch-all, "stability."

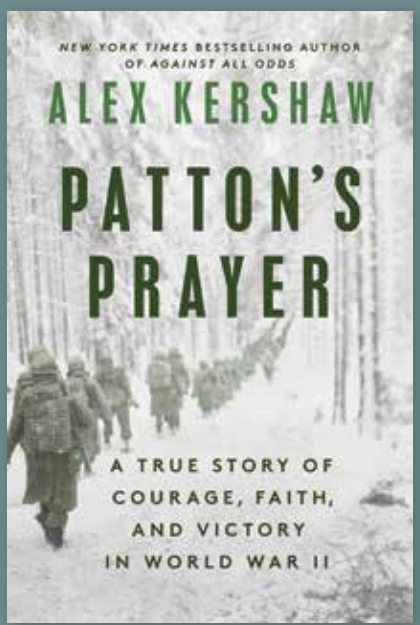
As with all other government bailouts, the Fed's efforts to save companies and sectors too large, vital, or potentially injurious to the wider financial system is redistribution of wealth by other means — or, as *Playing with Fire* puts it, "socializing the losses." Mises Institute President (and author of our cover story in this issue) Thomas DiLorenzo warns that such bailouts "create a system with the banks of 'the profits are mine, the losses are on you, the taxpayer.' And that's horribly destructive of the whole free-market system."

But this is, of course, the larger point of having a central bank with an exclusive monopoly over the money supply (one of Marx's 10 planks of communism listed in *The Communist Manifesto*): Absolute control over the money supply is a powerful tool in the hands of collectivists and wealth redistributionists. Marx certainly understood this, and so do the latter-day advocates of monetary collectivism running the Fed. The result has been a redistributionist "spoils system" whereby wealth is siphoned from the middle classes via inflation, and redistributed to politicos and the mega-corporate interests allied with them. "The big picture there," warns ex-congressman Ron Paul in the film, "is the monetary system facilitates this continued buildup of the combination of the corporations — corporatism — and the government."

All of this constitutes a novel take, perhaps, on what the informed layperson tends to regard merely as a contrivance for "printing money" to dun the middle classes and underwrite deficit spending. But, as *Playing with Fire* makes clear, the Federal Reserve is far more than a mere bureaucratic mechanism; it is a revolutionary apparatus responsible for a radical makeover of nearly every aspect of American society. With every major social and economic crisis of recent vintage the Fed has had intimate involvement, always seeking to enlarge its role. In the post-Covid world, the Fed's powers of intervention have become almost unquestioned — even as the financial and economic distortions for which it is responsible loom larger than ever.

Playing with Fire is not only a litany of woes; it is also a cry to right long-perpetrated injustices, to end the financial bondage of generations. And there can only be one equitable way out of the inflationary mess: ending the Federal Reserve and restoring sound money. While the details of how this might be accomplished without wreaking unnecessary havoc are beyond the scope of this film, the documentary succeeds in its primary objective of educating the viewer on the problem and the threats to such an extent that he will conclude that some corrective course is necessary if we are to be spared absolute ruination. For those with growing unease about the current crisis that is matched by an inadequate grasp of finance and banking, as well as for anyone already versed in such, but who welcomes a fresh perspective, *Playing with Fire* is essential viewing. ■





Deception and the Power of Prayer

by William P. Hoar

***The Army That Never Was: George S. Patton and the Deception of Operation Fortitude*,** by Taylor Downing, New York: Pegasus Books, 2024, 320 pages, hardcover.

***Patton's Prayer: A True Story of Courage, Faith, and Victory in World War II*,** by Alex Kershaw, New York: Dutton, 2024, 362 pages, hardcover.

While General William Tecumseh Sherman, of Civil War fame, defined war as hell, General George S. Patton, of World War II renown, both admittedly loved combat and sought heavenly intervention for peace — defined as victory. Patton is a key player in both the books under review, though he gets a smaller role in the broader volume about (British-led) military ruses during the conflict.

Both volumes are worthy additions to the (already-crowded) military history shelves. One is more focused on strategy, but both add nuances to what is known about Patton — from his (lesser-known) humble side to his legendary braggadocious front, from his deeply held devout beliefs to his renowned profane discourses. We get to see him at his best as a spearheading leader, and despondent when the shooting stops.

We watch the general, with cavalry boots and spurs, sporting a pearl-handled revolver, and wearing medals that include the Distinguished Service Cross (DSC) from World War I action, addressing the men of his army in May 1944. (Though this may seem like the movie starring George C. Scott, it is not; that was a Hollywood creation.) Patton reminds his troops, for example, how Americans love a winner and "despise cowards." That is, continues Patton, "why Americans have never lost and will never lose a war, for the very thought of losing is hateful to an American." His remarks are inspiring, and the language decidedly blue in places, prompting the men to cheer with approval. The men being addressed, however, are not from the Third Army that most think of when picturing Patton's army — rather they are from "the First US Army Group" in southeast England.

Those troops are not bound for the beaches of Normandy, but are part of military subterfuge. Patton, as readers find, was then "in command of a hoax army. He was addressing an army that didn't exist," as described by Taylor Downing in *The Army That Never Was: George S. Patton and the Deception of Operation Fortitude*. The objective was to fool the Germans into believing that a cross-Channel invasion was coming at the Pas-de-Calais in northern France.

Downing, who lives in England, read history at Cambridge University. Other Downing books include *1942: Winston Churchill and Britain's Darkest Hour*, *Spies in the Sky*, *1983: Reagan, Andropov, and a World on the Brink*, *Churchill's War Lab*, *Breakdown*, *Cold War*, and *Night Raid*.

"Pray for Victory"

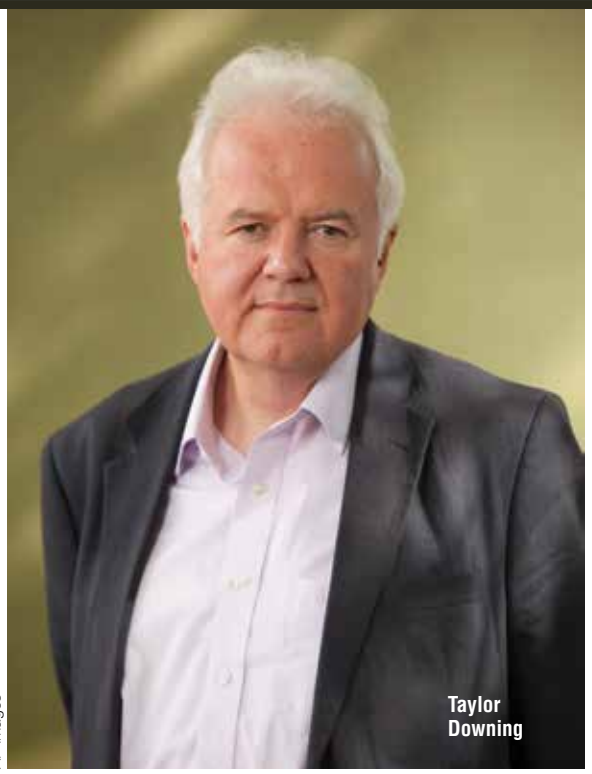
We see a very different Patton in late 1944, with lead chapters setting the stage ("Stuck in the Mud" and "Dark December"). Patton is cursing the weather, and the Battle of the Bulge, with a German counterattack, has begun. A fulcrum to *Patton's Prayer: A True Story of Courage, Faith, and Victory in World War II*, it is a confrontation about to become, in the words of author Alex Kershaw, the greatest battle "ever fought, in terms of the number of US troops involved, in US military history."

Kershaw is a journalist and a best-selling author of books on World War II, including *Against All Odds* and *The First Wave*. Born in York, England, he is a graduate of Oxford University and has lived in the United States since 1994. This volume under review is a page-turner, even if the reader thinks he knows what is coming. The pace is superb. And the cast includes much more than general officers, including James O'Neill, the chief chaplain of the Third Army, who gets a direct phone call from the army's commander: "This is General Patton. Do you have a good prayer for weather? We

must do something about those rains if we are to win the war."

The result was 250,000 copies of a card to be distributed to every man in the Third Army. Also delivered was a directive to be distributed by the Army's 486 chaplains, representing 32 denominations (O'Neill was a Roman Catholic; Patton was a devout Episcopalian), as well as senior officers — echoing Patton's strong belief in prayer. Said the directive:

> Pray when driving. Pray when fighting. Pray alone. Pray with others. Pray by night and pray by day. Pray for the cessation of immoderate rains, for good weather for Battle. Pray for the defeat of our wicked enemies whose banner is injustice and whose good is oppression. Pray for victory. Pray for our Army, and Pray for Peace.



AP Images

Taylor Downing

The prayer itself included a Christmas greeting for all members of Patton's command.

The account then shifts to the beleaguered troops in Bastogne, Belgium. Patton's forces were still far away when the Screaming Eagles of the 101st Airborne dropped in — "in the nick of time," as Kershaw puts it:

> The question now was how long they could hold the town. Facing an enemy force five times larger and without winter clothing or adequate supplies of food, ammunition, and medicine, the paratroopers confronted seemingly insurmountable odds.

This was the time when the Germans demanded that the American forces surrender. General Anthony McAuliffe, the acting commander of the now-besieged division, famously responded in writing: "To the German Commander: NUTS! From the American Commander." (Patton later awarded the DSC to McAuliffe for his actions at Bastogne.) The key breakthrough, covered dramatically, was led by a colonel from the 4th Armored Division, Creighton Abrams. (Abrams became Army chief of staff in 1972; indeed, this reviewer remembers from his Army service when Abrams was, way up, on his chain of command. The M1 Abrams main battle tank is named after him.)

It took Patton's men five days and some 55,000 rounds of artillery supporting fire to reach Bastogne. As he wrote to his wife, "The relief of Bastogne is the most brilliant operation we have thus far performed and is in my opinion the outstanding achievement of this war." Readers may well nod with Kershaw when he comments that Patton was not often one for modesty.

The Art of Deception

The time before the Allies struck back at occupied Europe is largely the focus of *The Army That Never Was*. The details of the deceptions involved might not be as well known to the public (much was not made known until years later), but they were critical moves — well covered by Downing.

The British (and later other Allies) didn't invent military deception, of course. Think of both strategic and tactical examples — including the Trojan War, the "Hail Mary" of coalition forces in Operation Desert Storm, George Washington's phony strength reports to keep the British from attacking Valley Forge, or — to stretch back a bit — when the Turks infiltrated the Frankish camp in the "Field of Blood" in 1119. As Sun Tzu put it, all warfare is based on deception.

One of the early crucial figures in the military deception in the Second World War is Brigadier Dudley Clarke. A fundamental point made by Clarke (and retold by Downing in *The Army That Never Was*) is that, in order to succeed, a deception plan "must be based not on what you want the enemy to think but on what you want him to *do*." Downing's main theme is, as noted in the subtitle, the deception of Operation Fortitude (which evolved from earlier plans). That's the part that brings in Patton, but there's much more to see in the book. Of course, these issues have been dealt with previously (which is why shelves are packed with these matters).

For those interested — and these volumes do get proper credit by Downing — see, for example, *The Deceivers* by Thaddeus Holt, published in 2004 and which features Clarke (as the "master of the game"), and *The Double-Cross System* by John Masterman. The latter book, published in the United States in 1972, draws from the long-classified report with the same name and was written by the Oxford don who was the official historian of the British Twenty Committee (or, more correctly, the XX Committee). As both Masterman and Downing note, the system "actively ran and controlled the German espionage system" in Britain.

During the war, the group was the only one (as pointed out by Downing) "to use Roman numbers for its title, a pun on Double Cross." That committee

> would control the information that captured agents would feed to Germans for the rest of the war, so becoming "double agents," that is agents who pretended to spy for one side but were in fact controlled by the other.

For deeper delving into these areas, you might want to refer to the Masterman and Holt books directly. Downing's book, sadly, has no index. On the other hand, Holt's book goes a bit over the top even for ravenous researchers — weighing in

at more than 1,160 pages, with three appendices with details of Allied Deception Operations, Special Means Channels, and The Phantom Armies (including the one headed by Patton). That appendix, all 36 pages of it, gives you the names of the notional armies, their presumed goals, and even their made-up insignia.

You do get plenty of tidbits in the Downing book, of course. Here's one involving Churchill (who famously referred to the "bodyguard of lies" needed to protect truth): When the prime minister was being briefed on a cross-Channel invasion, he was told it would involve giant blockships that would be sunk around concrete harbors that would be towed across the Channel and then protected by the sea during the landing. Writes Downing:

> Churchill did not understand how this would work, so a demonstration was staged in his bath. Little paper boats were launched at one end of the bath and the water splashed about. The paper boats all sank. When a barrier was placed across the bath to represent the breakwater no amount of splashing sank the boats.

The mental picture presented has the prime minister in his dressing robe, an admiral flapping water on the end of the tub, and a brigadier holding a barrier in the middle. There is, however, no word on whether they drove on the left- or right-hand side.

Serving as Decoy

Patton was available for faux missions, as most know, because he had been shelved for slapping incidents when his temper threatened his career and, in turn, the potential success of the American military in Europe. Downing has more particulars in his book than what appear in *Patton's Prayer* (where the episode has a decidedly lower profile). The accounts, involving soldiers in hospitals suffering from trauma, were initially kept under wraps, but eventually leaked and became cause célèbres when Drew Pearson told his version of the story on a radio program. (Downing, somehow, missed telling readers that Pearson was a notorious muckraker and rumormonger.) Robert Orlando, in his *The Tragedy of Patton* (2021), does lean more in the right direction, pointing out that Pearson's reporting was exaggerated and, at least in part, untrue.

To its credit, *The Army That Never Was* does add context — including (without using this term) the fact that PTSD (post-traumatic stress disorder) was not recognized as such at the time. Downing also points out that during WWI (in which Patton also served), "many senior officers thought that any man who broke under fire was a coward. The concept of 'shell shock' was barely understood." During that war, more than 3,000 soldiers were court-martialed "and found guilty of cowardice for which the sentence was death, and 343 were actually shot, usually by firing squad at dawn." Most, according to their records, opened later, "needed medical attention rather than military discipline."

Patton was old school. The enemy certainly couldn't fathom the response to the episode. As historian Victor Davis Hanson has put it, "No one could believe you would dismiss your top ranking soldier because he slapped somebody. They all felt the only good commander the Americans had so far fielded by 1944 was Patton."

The author of *Patton's Prayer* is more even-handed than those who tried to get Patton cashiered. Kershaw is on target when saying that the incident had caused outrage when it became public back in America and led to him being sidelined for a year. At that point, he writes, "Patton's reputation as a hotheaded bully was forever set, but in fact Patton most often showed his deep compassion and concern when he encountered [wounded soldiers] in hospitals."

Operation Fortitude South

There were mixed military repercussions of the sidelining. Hitler has been quoted as saying that Patton was the "best general" among the Allies. When disinformation was added to the equation, which included actual troops, the Germans would figure that Patton (in England before the invasion of Europe) "was in command of about 300,000 men. This was sufficient to carry out a major cross-Channel operation" believed to be aimed at the Pas-de-Calais.

This became a piece of the deceptiveness leading to D-Day (and after the invasion as well). A successful plan, writes Downing,

> has to have two core elements. There has to be some basis in fact or reality about it, and it has to play on understandings or beliefs the enemy already has. Patton brought all this

Alex Kershaw

Raf609/Creative Commons

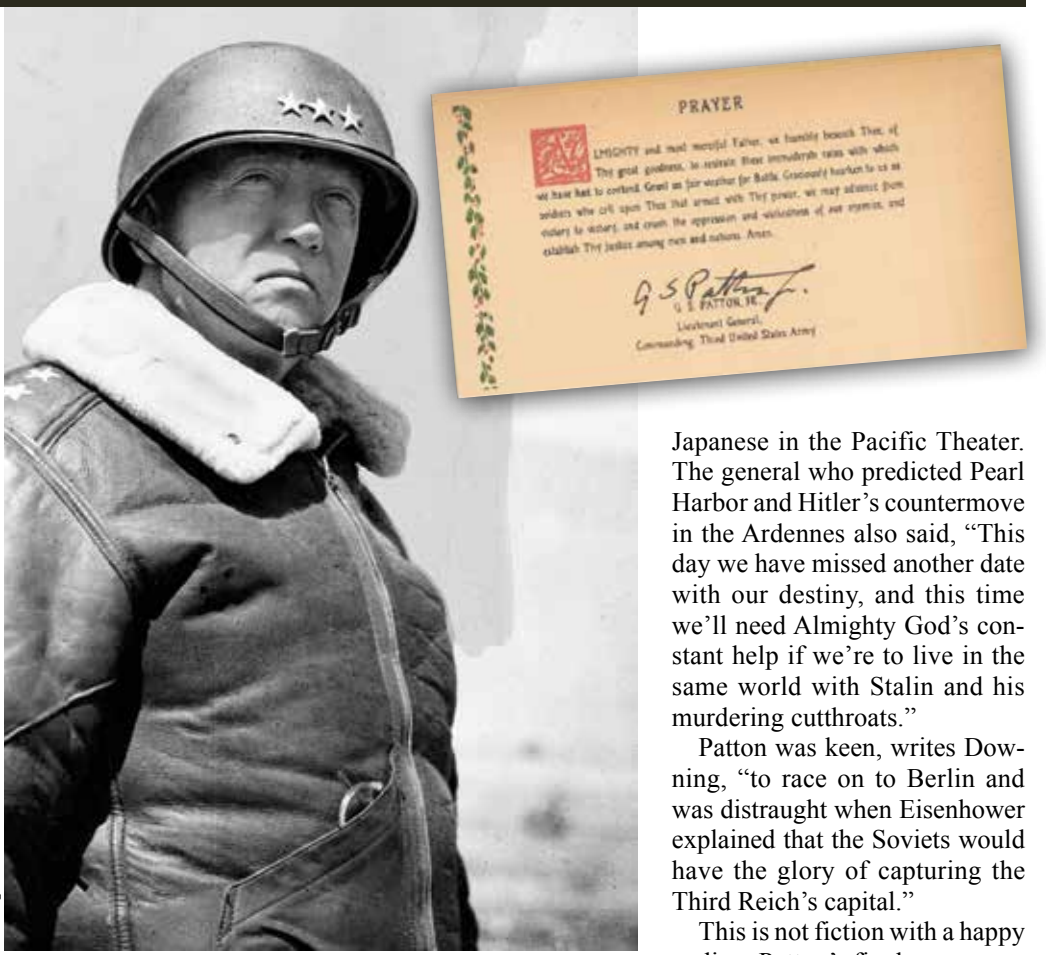
together. In German eyes, Operation Fortitude South pretty much became Operation Patton.

To start with, the First US Army Group did include some actual troops. There were the men of Patton's own Third Army who were beginning to arrive in Britain.

Among those were actual Canadian troops. Then there was the fact that, because of the deceivers' disinformation, "German intelligence already believed there were far more divisions of fully trained and battle-ready Allied troops available in Britain than there were in reality."

Because the order of battle was built up, "the Germans overestimated the size of the Allied armies by a quarter of a million men," as noted in the epilogue of *The Army That Never Was*.

Eventually, as Patton told his Third Army at the end of the war, his soldiers had undertaken, among other efforts, 281 days of "incessant and victorious" combat, fought across 24 major rivers, and liberated or conquered more than 82,000 square miles of territory. There were good reasons many of his men called him "Old Blood and Guts." As the departing general wrote, "During the course of this war I have received promotions and decorations far above and beyond my individual merit. You won them: I as your representative wear them. The one honor which is mine and mine alone is having commanded such an incomparable group of Americans, the record of whose fortitude, audacity, and valor will endure as long as history lasts."



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"Well Done," but Seeking to Do More

The ups and downs of life and war are manifold. Patton was not at peace with peace. Yet, we are reminded of Patton's human side frequently in the pages of these books, along with that of so many others.

The general met Father O'Neill about six weeks after the writing of Patton's prayer for the Third Army. Writes Kershaw:

> Patton smiled at O'Neill.
>
> "Well, Padre, our prayers worked," said Patton.
>
> "I knew they would."
>
> O'Neill recalled that Patton then "cracked me on the side of my steel helmet with his riding crop. That was his way of saying, 'Well done.'"

Eventual success at the Battle of the Bulge was just the beginning of the end of the war in Europe. The books under review cover much more, including Patton's crossing the Rhine and, ever the stagemaster, urinating into the river, saying, "I've been looking forward to this for a long time."

When warrior Patton, in another episode that delighted him, was told to bypass the seizing of the ancient city of Trier because it would have taken four divisions to liberate it, he was able to reply: "Have taken Trier with two divisions. What do you want me to do? Give it back?"

But, after the overall fighting became a rout, he was not allowed to take Prague. Or Berlin. Or to deal with Stalin, or the Japanese in the Pacific Theater. The general who predicted Pearl Harbor and Hitler's countermove in the Ardennes also said, "This day we have missed another date with our destiny, and this time we'll need Almighty God's constant help if we're to live in the same world with Stalin and his murdering cutthroats."

Patton was keen, writes Downing, "to race on to Berlin and was distraught when Eisenhower explained that the Soviets would have the glory of capturing the Third Reich's capital."

This is not fiction with a happy ending. Patton's final years were not what he would have scripted. When he left the Third Army, he told an aide, "The best end for an old campaigner is a bullet at the last minute of the last battle."

"I can say this," Patton was to write, "that throughout the campaign in Europe … I was under wraps from Higher Command. This may have been a good thing, as perhaps I am too impetuous. However, I do not believe I was, and feel that had I been permitted to go all out, the war would have ended sooner and more lives would have been saved."

Let's offer the final words to George Patton's own writing (*War As I Knew It*), in the dedication of which he quotes the religious allegory *Pilgrim's Progress* by John Bunyan: "My sword I give to him that shall succeed me in my pilgrimage, and my courage and skill to him that can get it. My wounds and scars I carry with me, to be a witness for me that I have fought His battles, who will now be my rewarder."

Thus, he ended, "So he passed over and all the trumpets sounded for him on the other side." ■

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STAND YOUR GROUND STUDIOS

THE LAST WORD

End the Fed

With H.R. 1846 and S. 869

by Peter Rykowski

Aaron Kohr/Adobe Stock

The Federal Reserve is one of the greatest threats to economic prosperity and constitutional adherence. Thankfully, constitutionalist members of Congress are doing something about it.

On March 5, Representative Thomas Massie (R-Ky.) and Senator Mike Lee (R-Utah) introduced the Federal Reserve Board Abolition Act (H.R. 1846 and S. 869), which would completely end the Fed by repealing the 1913 Federal Reserve Act and abolishing the Board of Governors of the Federal Reserve and the Federal Reserve banks.

H.R. 1846 is co-sponsored by Representatives Andy Biggs (R-Ariz.), Lauren Boebert (R-Colo.), Eric Burlison (R-Mo.), Kat Cammack (R-Fla.), Michael Cloud (R-Texas), Eli Crane (R-Ariz.), Marjorie Taylor Greene (R-Ga.), Harriet Hageman (R-Wy.), Scott Perry (R-Penn.), and Chip Roy (R-Texas). S. 869 does not yet have co-sponsors in the Senate.

In a press release announcing this legislation, Massie correctly noted, "Americans have suffered under crippling inflation, and the Federal Reserve is to blame." He continued: "During COVID, the Federal Reserve created trillions of dollars out of thin air and loaned it to the Treasury Department to enable unprecedented deficit spending. By monetizing the debt, the Federal Reserve devalued the dollar and enabled free money policies that caused high inflation. Monetizing debt is a closely coordinated effort between the Federal Reserve, Treasury Department, Congress, Big Banks, and Wall Street. Through this process, retirees see their savings evaporate due to the actions of a central bank pursuing inflationary policies that benefit the wealthy and connected."

He concluded, "If we really want to reduce inflation, the most effective policy is to end the Federal Reserve."

The Federal Reserve's creation in 1913 remains one of the most egregious violations of the U.S. Constitution and the free market. Article I, Section 8 of the Constitution, which lists the powers specifically given to Congress, does not include the creation of a central bank. Furthermore, Article I, Section 8 grants Congress — not independent agencies, such as a central bank — the power to "coin Money." In a 1791 letter arguing against the constitutionality of the first national bank (a precursor to the Fed), Thomas Jefferson warned, "To take a single step beyond the boundaries thus specially drawn around the powers of Congress, is to take possession of a boundless feild [sic] of power, no longer susceptible of any definition."

Furthermore, the Federal Reserve can single-handedly manipulate the U.S. economy and devalue the U.S. dollar. By inflating the dollar — which has lost 97 percent of its value, or purchasing power, since 1913 — inflation effectively imposes a stealth tax on the American people, decreasing their wealth and standard of living.

In *The Communist Manifesto*, published in 1848, Karl Marx and Friedrich Engels included among their 10 proposals to implement communism, "Centralization of credit in the hands of the State, by means of a national bank with State capital and an exclusive monopoly." Congress directly implemented this plank — along with the graduated income tax, another of the 10 proposals — 65 years later, when it gave the Federal Reserve a monopoly over the nation's money supply. H.R. 1846 and S. 869 would reverse this unconstitutional and economically harmful act.

Although Congress must end the Fed, state governments are not off the hook. Article I, Section 10 of the Constitution declares that "no State shall … make any Thing but gold and silver Coin a Tender in Payment of Debts." Accordingly, states must act to nullify the Federal Reserve and enforce the Constitution, including by officially recognizing gold and silver as legal tender and eliminating sales taxes on precious metals.

A sound monetary policy is necessary for economic stability and prosperity. Already, the Federal Reserve has caused much damage through its inflation of the U.S. dollar and issuance of fiat currency. It is imperative that Congress follow the Constitution by enacting the Federal Reserve Board Abolition Act. ■

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